

# BULLDOZING PROGRESS:

HUMAN RIGHTS ABUSES AND CORRUPTION IN PAPUA NEW GUINEA'S  
LARGE SCALE LOGGING INDUSTRY



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CONSERVATION  
FOUNDATION

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CELCOR, a public interest environmental law NGO based in Port Moresby, was founded in February 2000. The main aim of CELCOR is to provide legal assistance to landowners affected by large scale environmentally destructive projects including industrial logging, mining and oil palm plantation developments and to promote community based natural resource management through promotion of effective law and policies in PNG.



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ACF is Australia's leading national not-for-profit environment group, funded almost entirely by individual membership and donations. For 40 years ACF has been a strong voice for the environment, promoting sustainable solutions and working with communities, governments and businesses to protect, restore and sustain the environment. ACF's overseas program began in the 1980s, responding to the fact that environmental issues do not recognise national boundaries. ACF knows PNG's forests are essential to the many communities they directly support and to global biodiversity.

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## FOREWORD



British High Commission  
Papua New Guinea

**Global significance:** With less than 1 per cent of the world's land, PNG contains between 5 and 7 per cent of the world's biodiversity (photo Greenpeace)



Tropical forestry and logging are complex subjects, encompassing a range of difficult issues, including land ownership, the sustainability of natural resources, the impact on climate change, the social and economic impact of logging on isolated and relatively untouched, subsistence sector communities, and the protection of the basic rights of the people concerned.

In our increasingly globalised world what happens with forestry and the environment in any country is a matter of international, not just national, interest. This is reflected in the United Kingdom Government's international priorities, two of which have relevance to forestry viz:

- Promoting sustainable development and poverty reduction underpinned by human rights, democracy, good governance and protection of the environment; and
- Achieving climate security by promoting a faster transition to a sustainable low carbon global economy.

Forestry in PNG has reached a critical juncture. There is substantial evidence from independent sources that current levels of logging are unsustainable, the legality of many current concessions is in doubt, corruption is a growing problem in the sector, logging practices do not always meet acceptable standards, and there are human rights abuses of the forest communities and local labour.

In short it is questionable that PNG, its government and its people are getting a good deal from its forestry sector.

There is a need for an honest and open debate on all the issues in the forestry sector; which ultimately should address the following fundamental questions:

- Is PNG's logging sustainable?
- Is logging being conducted in conformity with national forestry laws, and PNG's international obligations under relevant UN and other treaties?
- Is logging being conducted in a way that respects the fundamental human rights of the forest-based communities, and locally recruited labour?
- What is the PNG government's capacity to monitor and carry out effective surveillance of the logging sector, and how can international aid be used to strengthen this?
- What impact is all this having on the credibility of the PNG government's laudable carbon trading initiative?

An important contributor to this debate is civil society, and in particular the NGOs. They have a critical and important role to play in any democracy. Their collective voice should be respected and not simply rejected as being irrelevant, ill informed or an irritant.

The UK Government support for the printing of this report does not indicate endorsement of all of its content. The UK Government, however, believes that the NGO sector, which in PNG is poorly developed and funded, needs to be supported, so that it can play its rightful democratic role in the continuing debate of this critically important sector; whose future will have a major impact on PNG, and the 75 per cent of its population which lives in the forestry subsistence sector.

David Gordon-Macleod  
*British High Commissioner to Papua New Guinea*  
July 2006



## EXECUTIVE SUMMARY

### **The bulldozing of human rights**

PNG's social, political and economic histories have been moulded by its tropical forests. Covering 60 per cent of the PNG land mass and largely impenetrable, the forests have limited trade, defined customary laws and delineated life and culture. Gloriously, the forests account for 6 percent of the world's biodiversity. When the world thinks of PNG, they see its forests.

Now, the logging of these incomparable life systems is corroding PNG's society and politics, with only trivial economic benefit, and with alarming flow-on effects in the region.

The PNG logging industry is dominated by a handful of Malaysian companies, the largest of which is Rimbanan Hijau. It is an industry that is synonymous with political corruption, police racketeering and the brutal repression of workers, women and those who question its ways. Its operations routinely destroy the food sources, water supplies and cultural property of those same communities. They provide a breeding ground for arms smuggling, corruption and violence across the country.

In return, the industry generates no lasting economic benefit to forest communities, considerable long-term cost and a modest 5 per cent contribution to the national budget.

This record is a far cry from fulfilling PNG's Fourth National Goal – set upon its independence in 1975 – that its “natural resources and environment ... be conserved and used for the collective benefit of us all, and be replenished for the benefit of future generations”.

Australia and the World Bank have been involved in several attempts to reform the industry. At stake has been not only sustainable forestry in PNG, but legal trade and investment with Asia-Pacific neighbours.

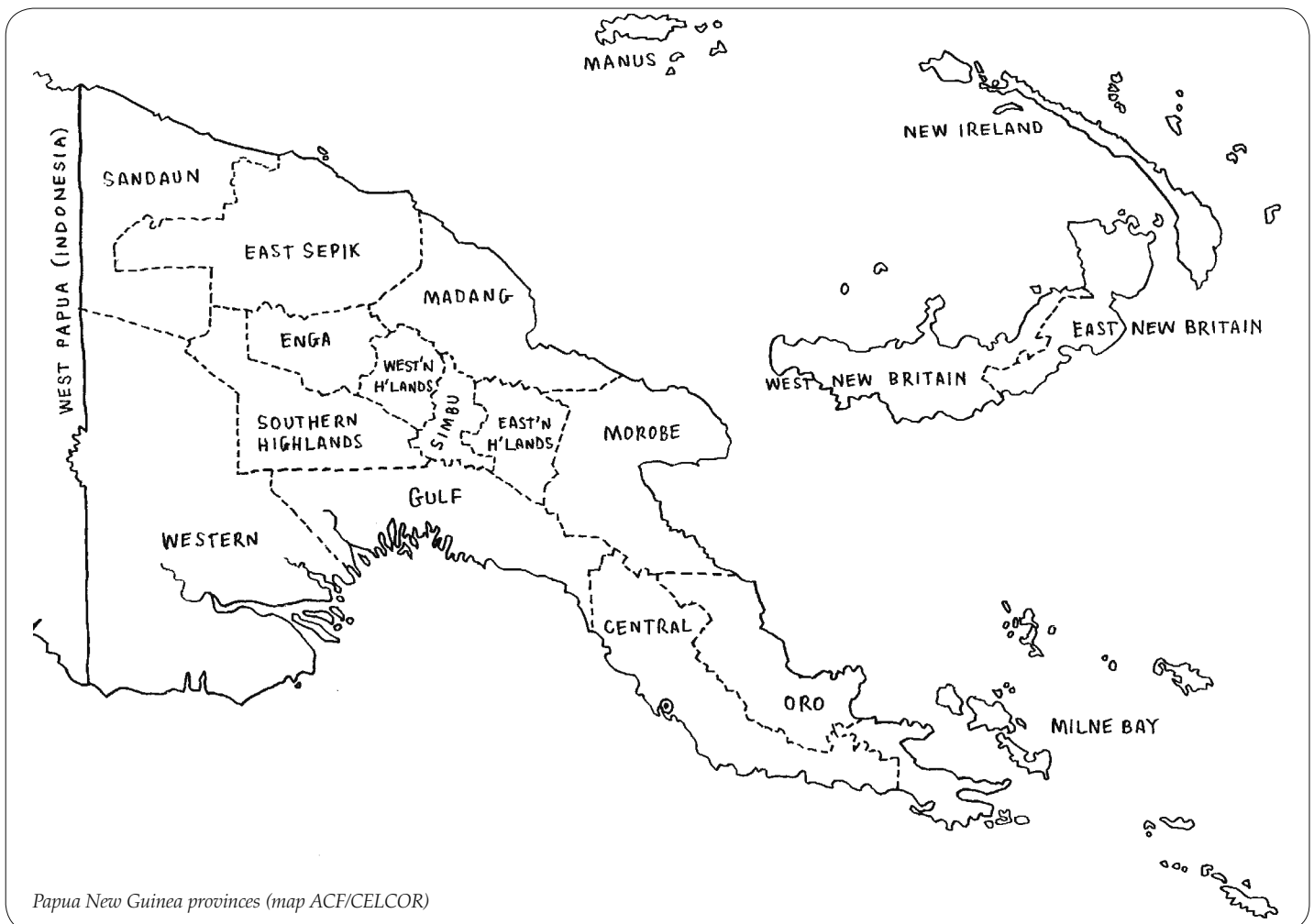
Still, all such attempts have failed. Why?

In PNG, the capacity and political will to uphold legal and human rights is being undermined, not least by the logging industry itself. International financial institutions struggle to see beyond the frame of large-scale forestry to glimpse the vision of sustainable forest communities. In countries, such as Australia, that both sponsor and trade with PNG, consumers and politicians underestimate the severity and reach of abuses in PNG's large-scale logging. They should show more interest. Australia imports PNG timber and invites investment from the same companies that stand behind the PNG abuses.

The report documents new and alarming testimony on the extreme human rights abuses that shadow the PNG logging industry. First hand accounts have been recorded between 2003 and 2006 in Western Province, Southern Highlands Province and Gulf Province. They complement documented evidence from official sources. The research is intended to raise the lid on human rights abuse in PNG, to identify their underlying cause and purpose, to propose necessary steps to stop the abuse and to reignite the political will to do so.

### **Testimony on abuse**

Interviews with landowners reveal disturbing instances of human rights abuse.



**Denial of due process in appropriating property.** The process by which the PNG Government buys timber rights from landowning communities and then issues 'extraction' licenses to logging companies is seriously flawed and amounts to the illegal appropriation of forest lands by loggers.

**Arbitrary detention and physical brutality by police against landowners.** Attempts to restrain this appropriation are being dealt with brutally, sometimes by police 'moonlighting' for logging companies. The documented atrocities include the bashing of villagers taking legal action, incarceration without charge, the torching of homes and crops, the shooting of domestic animals with M16s, and men forced at gun point to commit homosexual acts with each other.

**Intimidation and abuse of women.** Women suffer the next round of this violence. Community 'big men' handle dealings with logging companies, and some regard logging royalties as 'free money' to be spent on alcohol and weapons. Sexual abuse by logging employees is documented, as are marriages of convenience between expatriate employees and local women.

**Contamination of food and water sources.** Far from the promised benefits, logging is denying people their right to an adequate standard of living. Sediment from cleared forest and roads is polluting rivers, as are chemicals used to kill timber pests and preserve felled logs. Fish, crayfish, wild pigs, cassowaries, tree kangaroos and birdlife – all food staples for local communities – have left logged areas.

**The destruction of cultural sites, artefacts and grave sites.** Compensation for such acts of desecration is rarely forthcoming. These acts deny the rights of communities to use their own land for cultural and spiritual purposes.

**Unjust working conditions.** The appalling labour conditions in many logging camps are again exposed. In Gulf Province, workers have died and been buried on the job rather than the company going to the expense of returning their bodies home. Timber industry workers have not been paid, have lived in overcrowded and unsanitary conditions, worked 7am to 7pm and, with company transport the only option, have been held at their work area beyond their willingness to stay.

### **Regional security and interests at stake**

Australia and other nations in the region have a deep interest in stopping these abuses, aside from any 'good neighbour' obligations. The companies responsible have commercial interests across Asia and Australia. The attendant corruption renders pointless Australia's large aid contributions. The trafficking in guns, timber and workers threatens regional security.

### **Cross-border trafficking in timber, guns and people**

Human rights abuses have flourished thanks to the physical isolation of the logging communities, and the corruption and inadequate resources of PNG's government. These same conditions have allowed international trafficking in guns, timber, and people. Regional security, not just PNG governance, is being undermined.

- Up to three quarters of the 7,664 assault rifles provided to Papua New Guinea's armed forces by Australia and the United States since 1971 cannot be accounted for and may have been diverted to crime and tribal conflict. PNG Police Commissioner Sam Inguba has acknowledged gun smuggling occurs at remote logging camps, while the regional police commander has confirmed a "guns for drugs trade in the Southern Highlands".



- After exhausting their own forests, Malaysia's timber industry has sought new PNG and Indonesian supplies. The PNG industry masks the theft of valuable merbau logs timber from West Papua, trade in which is banned by Indonesia. Logging equipment is brought from PNG by Malaysian companies, who label the timber as PNG to mask its Indonesian origin. False flags are put on cargo vessels, port authorities are bribed, and Papua New Guinea Defence Force (PNGDF) soldiers act as security in Sandaun Province.
- Several official PNG Government reports reveal evidence of West Papuans being airlifted to Rimbunan Hijau logging camps in PNG as labourers and sex workers. Only 31 of the 112 foreign workers employed at Rimbunan Hijau's Wawoi Guavi operation were found to be legally employed.

### **Political and commercial influence**

The logging industry wields influence in PNG through political donations, public sponsorship, lobbying and media ownership. Or, companies simply 'buy' the rights to logging areas outright. Government ministers interfere with logging projects on their behalf.

The industry's leverage over the PNG government extends well beyond forestry. One company – Rimbunan Hijau, controlled by billionaire Malaysian Hiew King Tiong – has interests in the finance sector, the media, information technology, property, retailing, commercial printing, travel and shipping.

These interests span beyond PNG. The Tiong family holds media assets in China, Malaysia, Cambodia, Hong Kong, Papua New Guinea, Canada and the US, as well as a radio station in New Zealand. In Australia, Tiong investments include the Harbourside shopping complex at Darling Harbour in Sydney, and companies that account for 10 per cent of Australia's mango crop.

### **No prospects for reform without new forms of international action**

The reform of the PNG logging industry is a distant prospect without concerted international action, action that must not suffer the same impotent fate as previous efforts. Within PNG, corruption has stifled the will to uphold existing laws against the interests of logging companies. Where legal action has been taken, those involved have been attacked, physically and commercially.

### **A history of impotent reforms and reviews**

The corruption of PNG's logging industry is not news. Since Australian judge Thomas Barnett chaired a Commission of Inquiry in 1989, the PNG Government has instituted a range of reforms with assistance from Australia and the World Bank – a Tropical Forestry Action Plan, the revised Forestry Act 1991, a National Forest Policy, and a 1997 logging code of practice.

In 1999 and 2001, the World Bank granted a total US\$107 million in industry adjustment loans, conditional on an independent review and reforms. The reviews slammed the industry and few loan conditions were met. The result? The conditions were watered down, and corruption and illegal logging activities continued unabated. Finally, in May 2005, the World Bank loans

were cancelled altogether, leaving PNG with no reform outcome and a heavy debt to the World Bank.

These efforts have failed in part because they have seen PNG forestry only in international commercial terms. They have ignored smaller-scale forestry approaches that are both more sustainable and more in line with PNG's national goals and constitutional directives.

### **Attacks on reforming lawyers**

Attempts to clean up the timber industry have met with determined and – in some cases – violent resistance, delivered with impunity.

In the middle of his inquiry into the industry, Australian judge Thomas Barnett narrowly escaped death after being stabbed by unknown attackers outside his Port Moresby home. In the mid 1990s, the offices and records of the Papua New Guinea Forest Authority were set alight, while the then Minister for Forests and the head of the Forest Authority both received death threats. Annie Kajor, principal lawyer with the Environmental Law Centre Ltd which has instituted legal action against Malaysian logging companies, has been physically attacked, intimidated and robbed of her records.

### **Calling for fresh national and international action**

This report reveals the spiralling abuse of civil, political, economic, social and cultural rights, centred on PNG's logging industry. The root causes of these abuses are complex; there are no simple solutions. A concerted international effort backed by credible enforcement agencies is now needed to reform the industry and restore the human and economic rights of PNG forest communities.

### **The PNG Government**

An immediate moratorium must be placed on the granting and renewal of all logging permits. The current model is not working. Rather, the priority must be an educated, healthy and economically viable rural population, aware of their rights, and able to help keep corruption in check.

The PNG Government should also establish an independent Human Rights Commission and an Independent Commission Against Corruption, to strengthen governance in the country. These agencies could follow the guidance of Transparency International and the United Nations agency UN-Habitat on tackling corruption in developing nations.

### **The PNG community**

In PNG, it is local people who are most skilled in sustainable forest management. Yet these skills are locked out of the forestry process, contrary to PNG's National Goals and Directive Principles. Not immune from the lure of quick money, some landowners have fallen into patron-client relationships with logging companies that are distorting decision-making at the local level. These relationships must be renegotiated.

The Simbukanam people of Madang Province, the people of Collingwood Bay in Oro Province, and the Kuni and Begwa people of the Lake Murray area of Western Province are inspiring examples of what can be achieved when communities are empowered to stand up for their rights. In Lake Murray, the local 'eco-timber' initiative provides returns four to ten times greater than the royalties paid by large-scale logging operations, while causing minimal damage to the forest.

## SUMMARY OF RECOMMENDATIONS



*Lungs of the earth:* More than 60 per cent of PNG's land is covered with intact rainforest (photo Tim Anderson)

### **Donors, international financial institutions and resource companies**

Public and private agencies have a duty to uphold human rights where they have operations or influence. Companies must prevent abuses by military and police personnel acting on their behalf. They should publicly document all direct and indirect payments to the government, and take responsibility for their own supply chains. Under the Tilburg Guiding Principles, the World Bank and the IMF are responsible where their projects, policies or programmes undermine the enjoyment of human rights. These agencies as yet remain unaccountable on these issues.

Donors such as the Australian Government must take some responsibility for reform of the forestry industry. As long as logging continues to undermine governance in PNG, Australia's development assistance to its neighbour is compromised. Donors can make their assistance conditional on reform, support the PNG Government's reforms in education and governance, and provide financial and technical support to local groups in their dealings with logging companies.

### **Timber consumers in importing countries**

Homeowners in Australia, the United States and Europe have been unwitting supporters of the illegal and unsustainable harvesting of PNG's tropical rainforests. Around \$400 million worth of illegally logged timber products are imported into Australia every year. To avoid sponsoring these human rights abuses, consumers must be sure about the source of the timber they buy. They can rely only on the written certification of independent organisations that track legally and sustainably harvested timber through the supply chain.

We urge all individuals and groups to take these actions. PNG's forests and governance, and the cultures and biodiversity they sustain, cannot be bulldozed in silence.

*The Centre for Environmental Law and Community Rights  
The Australian Conservation Foundation August 2006*

### **To the Government of Papua New Guinea:**

- 1 Institute a high level inquiry into the persistent problems of large scale logging and its role in undermining nation building in PNG
- 2 Reinstate the ban on new logging permits and the renewal or extension of current permits until effective enforcement of current oversight mechanisms is evident
- 3 Revoke the licences of logging companies found to engage in corrupt practices, human rights abuses or 'private security' payments to police officers

### **To the Parliament and Government of Papua New Guinea:**

- 4 Establish an independent Anti-Corruption Commission with power to investigate and take action against those found to be involved in corrupt practices
- 5 Establish an independent Human Rights Commission and adequately resource the Ombudsman Commission's Human Rights Unit

### **To donor countries and international financial institutions:**

- 6 Assist PNG in making the transition to community-based forest management and timber production
- 7 Support organisations that help landowners with independent legal advice, conflict resolution and developing alternatives to large scale forestry
- 8 Focus on providing basic social services, such as health and education, and on creating viable economic opportunities in rural areas
- 9 Ensure multinational corporations adhere to human rights and environmental standards in their decision making on financing, supply and purchasing arrangements with the PNG forestry industry

### **To timber consumers in importing countries:**

- 10 Purchase only timber and wood products that have been independently certified as legally and sustainably sourced

The full text of these recommendations appears at the end of the report.





# 1 INTRODUCTION

More than 60 per cent of Papua New Guinea's land area is covered with tropical forest. Together with the forests of neighbouring Indonesian controlled West Papua it is the largest intact rainforest in the Asia-Pacific region and the third largest in the world, after the Amazon and the Congo. Ecologically these forests are very significant. Even though parts of Papua New Guinea remain unsurveyed, it is widely known that PNG, which has less than 1 per cent of the world's land mass, contains between 5 and 7 per cent of the world's biodiversity.

Socially these forests are of immense importance. Land in PNG is customarily owned, governed by clan owners (or 'landowners') under customary law. Isolated landowner communities rely on forests for their daily subsistence. Often illiterate and suffering from a scarcity or lack of government services, these landowners bear the brunt of the negative impacts of the logging industry. As ANU academic Colin Filer notes:

"It is clear that, at the moment, customary landowning communities are at the mercy of the agenda set by aspiring politicians, local big men, the foreign logger and the government."<sup>1</sup>

Papua New Guinea has a population of just over 5.5 million people, 85 per cent of whom live in rural areas.<sup>2</sup> It is a country rich in natural resources. Land, minerals, forests and fisheries have supported the lives and livelihoods of its people for thousands of years. However, PNG faces enormous development challenges. While exports of primary products, including timber, have helped to lift PNG's GDP per capita, creating the illusion of a higher income society, the benefits have not trickled down to Papua New Guineans at the grassroots.

Many of PNG's human development indicators are the worst in the Pacific. Infant mortality rates are approximately 70 per 1,000 births; 35 per cent of the population aged 15 and above is functionally illiterate; life expectancy averages 57 years; and around 2.3 million Papua New Guineans are living on less than US\$1 per day.<sup>3</sup> PNG is currently ranked 137th (out of 177 countries) on the Human Development Index, well behind the Solomon Islands (128), Vanuatu (118) and Fiji (92).<sup>4</sup>

Contrary to popular belief, large scale logging is not a big contributor to PNG's economy. A 2004 report into the socioeconomic and financial impacts of existing timber permits found few lasting benefits were reaching landowners. It found the majority of logging returns accruing to PNG resulted in a modest 5 per cent increase in the central government's budget. The report concluded the full costs associated with logging projects outweighed the benefits, stating:

"Few lasting benefits are reaching landowners because payments to the poorest and most remotely located communities are too small and ephemeral to have a lasting impact and are not complemented by investment in public services by government. Payments that reach rural populations, furthermore, are primarily used to purchase consumables by men and infrequently invested."<sup>5</sup>

When PNG gained independence in 1975, the new nation was founded on a set of clear, long-sighted principles through its Constitution. These National Goals and Directive Principles declare that PNG should aim "to be politically and economically independent and its economy basically self-reliant". They call for

“strict control of foreign investment capital and wise assessment of foreign ideas and values so that these will be subordinate to the goal of national sovereignty and self-reliance, and in particular for the entry of foreign capital to be geared to internal social and economic policies and to the integrity of the Nation and the People”.

The fourth of these National Goals is for PNG’s “natural resources and environment to be conserved and used for the collective benefit of us all, and be replenished for the benefit of future generations”. The Constitution guarantees freedom from domination and oppression as well as full participation for Papua New Guineans in their country’s development. It calls for development to be achieved “primarily through the use of Papuan New Guinean forms of social, political and economic organisation”.

### **PNG’s environment and conservation principles**

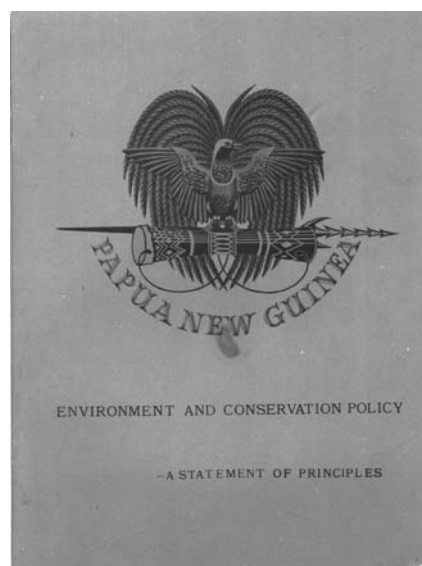
Way back in 1976, well before the rest of the world was talking about sustainable development, the PNG Government issued a visionary policy statement to ensure conservation principles were central to the new nation’s development. The statement said:

“The Government recognises our responsibility during the development of Papua New Guinea to maintain, and where possible improve, the quality of our environment. We all need to become more aware of the effects of our activities upon our environment. It is the Government’s policy to promote and maintain this awareness. Development is a means to increasing our prosperity. Development means change. This change can be good or bad, appropriate or inappropriate for Papua New Guinea. By careful planning we can control the rate of change and we can make sure that the kind and nature of the development we choose is good in all ways, not just when measured in economic terms. Development must be ecologically, socially and culturally suitable for Papua New Guinea and her people.

We wish to avoid the expensive mistakes we see in other countries where poorly planned development has caused problems and has required costly measures to improve the quality of the environment... Each and every decision we take upon ourselves must be measured against each of the five National Goals. It must be discussed within the framework set by these goals and the decision arrived at must be seen by all our people to be in harmony with the goals.”<sup>6</sup>

The wording of the *Forestry Act 1991* picks up some of the language of the Constitution’s fourth National Goal. However, the Act’s emphasis on large scale logging has meant many aspects of the National Goals and Directive Principles have been ignored.

**Visionary principles:** PNG’s *Environment and Conservation policy* (1976) stated that the new nation would aim to “avoid the expensive mistakes we see in other countries where poorly planned development has caused problems and has required costly measures to improve the quality of the environment”



The *Forestry Act*’s implementation has been fraught with problems. It was born after a major inquiry into PNG’s timber industry, conducted in the late ’80s by Australian judge Thomas (Tos) Barnett. Commenting on logging operations in New Ireland province, Justice Barnett famously stated: “It would be fair to say, of some of the [logging] companies, that they are now roaming the countryside with the self-assurance of robber barons; bribing politicians and leaders, creating social disharmony and ignoring laws in order to gain access to, rip out, and export the last remnants of ... valuable timber”.<sup>7</sup> Sadly, the case studies outlined in this report suggest little has changed in an industry that continues to breach fundamental requirements of its governing Act.

The logging industry in PNG is dominated by a small handful of Malaysian companies. The largest is Rimbunan Hijau, which operates five of the 12 largest logging projects, the country’s only veneer mill and the largest sawmill.<sup>8</sup> According to log export data from Swiss inspection and monitoring firm SGS, Rimbunan Hijau’s projects directly account for one third of PNG’s raw log exports. This does not include its commercial interests in other projects such as the Turama concession and is separate from its veneer and sawn timber exports.<sup>9</sup>

The rest of the industry is made up almost entirely of foreign corporations.<sup>10</sup> These companies now wield considerable economic and political influence in PNG. Many are powerful players in the global timber industry, with operations in some of the world’s last frontier forests.<sup>11</sup>

The Australian Government and the World Bank are major donors (and lenders) to the PNG Government. But the great influx of donors’ policies and programs over the years has not led to a commensurate improvement in the human rights or living conditions of ordinary Papua New Guineans. In fact, the World Bank’s own Country Assistance Evaluation in March 2000<sup>12</sup> concluded Bank assistance to PNG over the past decade has achieved unsatisfactory results, with modest institutional development impact and uncertain sustainability levels.<sup>13</sup>

Recent development policy in PNG has focused on increasing trade openness through Structural Adjustment Programs (SAPs). At the same time, programs concerned with governance have decreased the size of the state and removed the large state structures necessary to manage the instabilities that come with increased trading. PNG has also become mired in debt. According to former Treasurer Bart Philemon PNG owes the IMF, World Bank and other lenders a total of K7.5 billion, or around K1,500, per capita.<sup>14</sup> “The interest on this debt costs us nearly K100 for every man, woman and child in PNG each year,” Mr Philemon told a conference on Sector Wide Approaches in National Development at Divine Word University in Madang in February 2006. This is significant for a country where around 40 per cent of the population earns less than K3 (US\$1) a day and more than 70 per cent earn less than K6 (US\$2) a day.<sup>15</sup>

Despite the significant amount of assistance directed to forestry reform over the past 20 years, there appears to have been little improvement in the quality of forest management, in the lives of landowners or any reduction in the level of corruption. In March 2003 a World Bank funded independent review of three large logging projects said:

‘The overwhelming view of the Review Team ... is that the robber barons [referring to foreign logging companies] are now as active as they ever were. They are not only free to roam, but are in fact encouraged to do so by persons whose proper role is to exercise control over them.’<sup>16</sup>

The Review concluded “only a further Commission of Inquiry could hope to unearth the entire picture and unravel the web of deceit”. In light of the persistent failures of governance in the forestry sector, such an inquiry is long overdue.

Ineffective reform efforts have rendered forestry policies and programs virtually useless. The logging industry remains racked with problems and controversy.

Serious efforts are needed from the PNG Government, international donors and the community to address the root causes of human rights violations, mismanagement and corruption in the forestry sector.

## Methodology

The research for this report was undertaken between 2003 and 2006 jointly by the Centre for Environmental Law and Community Rights (CELCOR) and the Australian Conservation Foundation (ACF). In June-December 2003, a Papua New Guinean researcher, contracted by CELCOR and ACF, travelled to remote villages in Western Province and Southern Highlands Province to collect testimonies from landowners affected by forestry activities. Between December 2005 and April 2006, ACF interviewed landowners from Ihu district in the Gulf Province.

The report aims to expose some of the human rights abuses people in remote areas of Papua New Guinea are suffering as a result of logging activities. Many of the complaints of human rights abuses were raised time after time by people from different villages. Rather than provide an exhaustive list of these abuses, representative case studies have been chosen to highlight particular issues.

Many landowners did not want their names to be used in this report for fear of reprisal. In these cases, interviewees are referred to as ‘landowner from X province’ or ‘named landowner’.

References to a specific person’s name in another person’s testimony have been removed. Landowners from Gulf Province interviewed by ACF specifically requested their names and photos be used in the report to highlight their plight and raise awareness of the issues they face. These are the only landowners named in the report.

In addition to the testimonies specifically collected for this research, the report also draws on sworn statements and other testimonies provided to CELCOR and the Environmental Law Centre through legal support programs, as well as information provided to the Eco-Forestry Forum. Again, names have been removed to protect the sources of information.

The report also includes an extensive review of official government documents, published reports and media reports as well as other documents, which substantiate landowner testimonies and information contained within this report.

## 2 THE IMPACT OF LOGGING ON HUMAN RIGHTS

*On the payroll:* Witnesses allege logging companies pay police officers to provide security, creating a conflict of interest and decreasing the chances of human rights abuses being reported (photo Torsten Blackwood, AFP/Getty Images)



This chapter presents cases of landowner's experiences in Papua New Guinea, demonstrating the link between large scale logging and human rights abuse. Many of the civil and political, economic, social, cultural and political rights discussed are protected under international human rights law and the PNG Constitution.<sup>17</sup> The case studies show that, despite legal protection, the human rights of landowners are being routinely undermined by large scale logging. They reveal:

- Cases of *arbitrary detention and physical brutality by police against landowners*, constituting an abuse of civil rights, including the right to life, personal liberty and the right to be free from torture and cruel, inhuman and degrading treatment<sup>18</sup>
- *Intimidation and abuse of women*, constituting the denial of women's right to be free from violence<sup>19</sup>
- *Serious flaws in the Incorporated Land Group process*, resulting in the denial of the right of landowners to access accurate information, make informed decisions and participate effectively in decisions about their land<sup>20</sup>
- The *contamination of food and water sources* by large scale logging, constituting the denial of economic and social rights, including the right to health and the right to an adequate standard of living<sup>21</sup>
- *Unjust working conditions*, constituting the denial of the right to a decent working environment<sup>22</sup>
- The *destruction of significant cultural sites* by logging, resulting in the denial of the right of communities to enjoy their own culture and use their land for cultural and spiritual purposes.<sup>23</sup>

### Police brutality links to large scale logging

Allegations of police brutality against individuals and groups in PNG, including police killings, are widespread.<sup>24</sup> Police violence – and the climate of impunity that surrounds it – has contributed to a general escalation of violence within many communities. As Pacific governance specialist Sinclair Dinnen puts it, “police violence fuels criminal violence in a reinforcing spiral that becomes increasingly difficult to break”.<sup>25</sup>

Every year the Ombudsman Commission receives dozens of complaints about the actions of police; 148 of the 731 complaints the Commission received in 2001 related to the police, making the RPNGC the most complained about governmental body that year.<sup>26</sup> The police's complaints division also receives many allegations of abuse by its officers.

The isolation of logging camps, the easy availability of weapons and the lure of quick cash combine to create an incentive that some police officers find difficult to resist.

Many cases, including some documented here, allege police officers (in particular police mobile squad members) are paid by logging companies to provide security on behalf of the companies. This gives individual officers a conflict of interests and decreases the chances of human rights abuses being reported to the authorities, as landowners surmise that if the police are involved, complaints against them would have little chance of a fair hearing.

**Assaulted:** Steven Mela believes the men who attacked him were hired by loggers wanting him to drop his court action against the company (photo ACF/CÉLCOR)



### Case study: The assault of Steven Mela

In 2004, when Steven Mela, a villager from Ihu District in Gulf Province, had a case against a logging company before the courts, he was physically assaulted by a group of men.

Mr Mela was travelling by bus from Port Moresby back home to his village in Gulf Province when the incident happened. The men who attacked him were on the same bus. Mr Mela told ACF in 2005 the men were not from Gulf province and were not known to him, but they asked him about his court case. On this basis, he believes the men were hired by the logging company, Rimbunan Hijau, to intimidate him into giving up the case. When the bus pulled into a bus stop, the men told him to get off. Once outside the men attacked him, repeatedly hitting and kicking him.

"I was alone...8, 9, 10 people...they start swinging at me – all over, they came at me like this...kicking and hitting...fists and legs with shoes..."<sup>27</sup>

During the assault, three of his front teeth were knocked out and his chest, back and neck were injured. Mr Mela still suffers from headaches and chest, back and stomach problems as a result of the attack. He has needed on-going medical treatment for the injuries he sustained.

"I still have chest problems...sometimes I have back ache, belly, neck problems..."<sup>28</sup>

He didn't report the incident to the police as he felt the police would not investigate. He believes:

"RH [Rimbunan Hijau] uses money...for simple people like us there isn't really any way where we can get access to the law...if I report the matter to the police, those very police will go back and tell RH [Rimbunan Hijau] 'such and such fellow reported this' and they collect their commission and forget about it..."<sup>29</sup>

### Case study: Rough justice in Western Province

Brutality by police mobile task force members was a pressing concern for Western Province landowners who spoke to a PNG Government Inter-Agency Forestry Review Team. Referring to Rimbunan Hijau's logging operation in Wawoi Guavi, Western Province, the Review Team's draft report noted:

The use of physical force by the Police Task Force to intimidate employees and landowners was one of the major issues raised by all members of the community. The people most certainly welcomed the presence of police in the area but not in the manner in which they were behaving and under the total control of the company.<sup>30</sup>

Logging company links to police brutality in Western Province were explored in the 2004 SBS *Dateline* documentary, 'Jungle Justice', by reporter Bronwyn Adcock.<sup>31</sup>

The program interviewed a former police officer of the Southern Command task force, Emmanuel Bani. Mr Bani told *Dateline* task force members were essentially deployed as private security for the company and officers were instructed by Rimbunan Hijau managers to use violence against landowners who caused trouble. When asked to explain how the task force dealt with disgruntled workers protesting at the Panakawa veneer mill in Western Province, Mr Bani recalled:

"We handled those suspects good and proper... we bashed them up, we hit them with huge irons and when we mobilised there we made sure that these people who complained against the rights of their benefits were being manhandled... We belt them good and proper. Yes, some were flown to a Daru hospital, some broke jaws, some broken hands, legs, beaten black, deep cuts on their hands, the pain they got was just so big – they bled you know."<sup>32</sup>

Mr Bani said he was paid "some sort of bribery-type money" by a Rimbunan Hijau official for this work:

"[He] paid us appreciation money, some sort of money which I call some sort of like bribery type of money. I've got monies worth about three, four, five hundred extra to my allowances. When I'm trying to come back to Port Moresby, when he hands this over to me hiddenly he gives it to me and tells me that I'll see you back next week again."<sup>33</sup>

While working in the logging areas Mr Bani said he was paid a daily allowance. In addition to this he received occasional lump sum payments by the operations manager at Kamusie. Mr Bani told *Dateline* it was his impression the money was given as a reward for being violent.



*‘Troublemakers’ dealt with: Ben Harevela and two other men from Paevera village were bashed up after making a complaint about a logging company’s operations (photo ACF/CELCOR)*

### **Case study: Vailala landowners bashed**

In an interview with ACF in December 2005, three landowners from the Vailala area of Gulf Province told how Rimbunan Hijau (through its subsidiary Frontier Holdings) began logging operations in blocks 2 and 3 of the Vailala logging concession in 1997. The requisite Logging and Marketing Agreement (LMA) had been drawn up, but landowners say it was not comprehensive and did not include many of the things they were promised in earlier negotiations with Frontier Holdings – infrastructure such as a health post, school, roads, bridges and community development projects.

Not long after logging operations started, the landowners began to feel they were losing out from the arrangement. In frustration, villagers blocked the road and demanded from company employees answers to questions such as “[where are] landowners accommodated in the logging package?”

Following the roadblocks, landowners allege the company hired police from the Southern Command to bash up individuals who were speaking out against logging and fighting for the rights of landowners. According to the landowners, local people were told if they spoke up or disturbed logging operations they would be shot dead. Landowners claim two people were killed by police at the Hepea base camp at Vailala and believe the police were acting under instruction from the logging company:

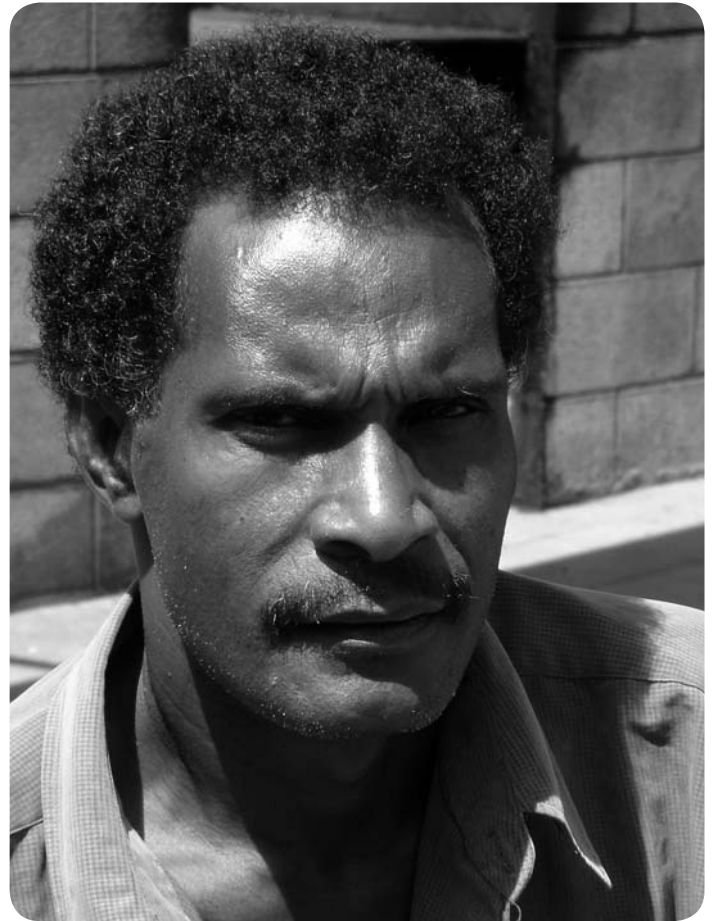
“They got Southern Command to come in and start bashing up people – at certain stages they shot two fellows dead”.<sup>35</sup>

### **Case study: Landowners beaten and detained without charge because of roadblock**

CELCOR has documented a number of disturbing cases of police abuse against landowners. In one case a number of men from Wangawanga and Bosset villages, in Western Province, allege they were brutally beaten by a police riot squad. One man from the area had constructed a roadblock in order to complain about a logging company’s refusal to pay for the trees it was taking from the area.

This landowner told CELCOR a team of eight Southern Region task force policemen from Port Moresby arrested him along with six other men. The policemen lined up the men and started belting them. They used gun butts and hit him on the shoulder and the back. Towards daybreak the policemen informed them they were under custody and were going to be taken to Kiunga. The men were not advised of any charges against them. The policemen also burnt down a house of one of the men. The house contained all his possessions. After the men had been taken to Kiunga they were locked in a cell. After spending one month in the cell the men were released without charge because the police could not find any grounds for charging them.

While logging has ceased at this particular operation following legal action, the relevant logging company continues to be active in PNG.



### **Case study: Compensation claim leads to bashing for Paevera landowners**

In a 1999 incident, told to ACF by landowner Ben Harevela in December 2005, representatives from Paevera village in Gulf Province complained to Frontier Holdings (a subsidiary of Rimbunan Hijau) that logging operations in the Vailala logging concession had destroyed a sacred cultural site, and sought compensation for this damage. Local landowners were also unhappy they were not seeing any of the infrastructure, social projects or community development they had been promised by the company. In response to the complaint, Mr Harevela alleges the company flew police task force members from Port Moresby to deal with the ‘troublemakers’. Mr Harevela and two other men were beaten up and police set fire to five houses owned by local landowners. In Mr Harevela’s own words:

“I was bashed up in my village and they [the police task force members] burn my village – five houses...they came in with force, and the village people, they don’t know why the police come in – they were surprised to see the police... three of us were bashed up and five houses burnt with all their properties – nothing left...”<sup>37</sup>

The houses were burnt down with all their possessions. Animals were killed – pigs and dogs were shot with M16 rifles and chicken coops were sprayed with gunfire.

Mr Harevela told ACF the police used bush knives (machetes) to cut down coconut and betel nut trees planted in front of the houses, raided village gardens and destroyed any cash crops they came across. Much of the violence took place in front of the school:



Gulf & Western Provinces: With many of the places referred to in this report marked (map ACF/CELCOR)



"they did it in front of the elementary school while our children were having their classes – they were scared and ran out to their fathers and to their parents."<sup>38</sup>

The police stayed in the village for the entire day:

"...guns started firing from six o'clock in the morning to six o'clock at night... they [the police task force members] even slept there... they made a camp outside the village, making sure that nobody brought in contribution or ideas [help from outside the village]... we were very isolated, with no choice... On Sunday, early in the morning, they woke up and left."<sup>39</sup>

### Case study: Bosset villagers detained and humiliated

In another case a villager alleged the logging company Concord Pacific, a subsidiary of Malaysian company Samling, engaged policemen from the Southern Regional Command in 1997 to raid Bosset village in Western Province and arrest four men from the village. According to his evidence, at the time of the raid the police did not bring search warrants or arrest warrants, nor did they tell the men why they were being arrested.

As recounted to CELCOR, the four men were taken to the airstrip where they met some other men who had also been arrested. At the airstrip the men were ordered at gunpoint to strip naked and commit homosexual acts with the other men. They were sexually humiliated until dawn. They were then forced to walk

to the riverbank, board a small dingy and sail to the Concord Pacific logging camp at Aiambak. The men were then locked into the company's timber containers. The containers were very small and had tiny holes for ventilation. The men were extremely hot and remained locked in the container from 10am to 6pm. They were not allowed to leave the container to remove their waste so they had to use the corner of the cell. At 6pm they were released to cook their food, which was provided by the men's relatives. The men were forced to stay in the container for three days before being released and flown to the Kiunga police cell. The police claimed the men had been arrested on the grounds of possession of home made and factory made guns. However, they were released without appearing in court.<sup>40</sup>

The men told CELCOR they had lodged formal complaints with the police complaints division about two representatives of the Southern Regional Task Force. To date they have not been advised of the results of any investigation despite the incident occurring almost ten years ago.

### Case study: Wawoi Guavi landowners' complaints ignored

On 6 May 1999 landowners from the Wawoi Guavi area of Western Province first complained about improper conduct of certain task force police officers stationed at Kamusie. Lawyers acting on behalf of the landowners registered this complaint with the Internal Investigations Unit, Southern Command, and were

assured the matter would be investigated. However, the task force members who were the subjects of the complaint remained stationed in Kamusie and allegedly continued to intimidate and harass villagers there.<sup>41</sup>

In May and September 2002, lawyers raised further allegations of police harassment with the police, including reports that officials from the Wawoi Guavi Timber Company (a subsidiary of Rimbunan Hijau) were accompanying police personnel on their official duties.<sup>42</sup> In April 2003 it was reported that the Parliamentary Accounts Committee had called for an investigation into allegations of human rights abuses by police at logging sites.<sup>43</sup> To date lawyers acting on behalf of these landowners have not received any formal reports of the progress of investigations.<sup>44</sup>

### **Serious flaws in the Incorporated Land Group process**

“At the time of signing papers, I wasn’t sure what those papers were for as I am illiterate.”

– Landowner representative, Kaumak tribe

One of the issues most often raised by landowners interviewed by CELCOR and ACF revolves around the negotiation and signing of Incorporated Land Group agreements, or ILGs.

Under the 1991 National Forest Policy and *Forestry Act* the State reserves a monopoly on the right to enter a forest management agreement with landowner groups. Under this arrangement, the government buys timber rights from customary landowners that it can then sell to commercial companies as timber extraction licenses. Royalties are paid to provincial governments and landowners. The policy recognises that the rights of customary owners to a forest resource should be respected in all transactions affecting the resource. It sets out a procedure for the identification of customary resource owners, using a piece of legislation from 1974, the *Land Groups Incorporation Act*, which gives a legal identity to customary land owners.

The purpose of ILGs is “to clearly identify the forest resource owners, demarcate their land and forest holdings, and to mobilise the land groups in a way that empowers the communal owners of the forest resource to enter into long term binding contracts.”<sup>45</sup>

State control is then achieved by means of a Forest Management Agreement between the Incorporated Land Group and the PNG Forestry Authority (PNGFA) on behalf of the State.

Landowner representatives often have little understanding of this system or of the content of agreements negotiated with logging companies. For many landowners, the process of signing ILG forms is confusing. As one man from the Western province explained:

“I did not know what I was signing. I cannot read or write. They told me to put my mark on the paper and I did. They did not tell us exactly what was going to happen...I was totally confused with what was going on. I was confused when I signed the paper... The company came into my area in 1991 and they started to cut my trees. When they started to cut the trees I began to see that the bush and the rivers were being spoilt and I began to get upset.”<sup>46</sup>

This story is a common one, retold in many interviews. One man, a landowner from Musula, in the Bosavi area of Southern Highland Province, told CELCOR about the arrival of a logging company representative in his village in 1981:

“We had a meeting and then he went back to Paliambi and said he would come back the next day to see us for us to sign the agreement. I did not know what agreement he was talking about because we were not given any papers or any copies of any agreement to see and sign. But he said he would bring the papers the next day for us to sign... the next day the plane came back to Musula... He put a map on the ground and we all sat around the map on the ground. All of us sat down and signed the agreement... We did not get a copy of the paper or read it because at the time we could not read or write. They were forcing us to sign the paper so we signed it. We held the pen and they held our hands and put our X on the paper.”<sup>47</sup>

In many cases, the signing of ILGs is accompanied by verbal and/or written promises that the logging company will provide infrastructure and services. The Musula landowner continued:

“After we signed the paper they gave K2 [about AUD\$1] each to all the clan leaders and said ‘...we will give you services, development and roads. We will maintain your aid-post and your schools and airstrip’. We were happy and we signed the papers.”<sup>48</sup>

But the resource companies’ promises of schools, roads and health centres rarely materialise. Another man, from Kubut village on Lake Murray, Western Province, describes the arrival of Malaysian logging company Concord Pacific, the negotiation of ILG agreements and the subsequent disappointment of the community. As he recounted:

“I signed the ILG form because the guys from the company said if you sign these forms we will build your classrooms, hospitals and a new district office, rubber plantation, oil palm and water tanks... They didn’t give us anything. We did not understand what was in the ILG forms. No one explained. They gave us on the spot and we signed. We were happy with the promises and we signed. There were many of us from Kuni Tribe who signed. Now we haven’t received the things the company promised and we are not happy. The company is also destroying our forests, our river systems, our hunting grounds, fishing places, and sago trees.”<sup>49</sup>

In another interview, a representative of the Kaumak tribe recounts the arrival of Concord Pacific to his village. The man told CELCOR the company promised to provide basic social services, including a road, a community school, aid post, fuel depot and supermarket. His people were also promised permanent houses once they were relocated from their old village. These promises convinced the man and his community to sign the ILG forms.

The process of negotiating an ILG should, according to the *Forestry Act*, be a lengthy and comprehensive one. The reports of an Independent Review Team that investigated forestry projects in 2001 emphasised the role of the PNG Forest Authority in conducting awareness work with landowners. The review team explained the process required in order to develop contractual arrangements between landowners and the Forest Authority:

**Collapse:** After heavy rains, poorly constructed logging roads and bridges start to disintegrate, creating erosion problems and polluting rivers (photos ACF/CELCOR)



“Once the PNG Forestry Authority determines that an area of forest is to be acquired for development as a forestry project, landowner awareness work is required by the Act to ensure that the landowners understand what a forestry project will mean for them; how they are required to be organised; what rights and obligations they will have under a Forest Management Agreement; their role in the allocation process; and what they can reasonably expect in terms of project benefits. The importance of adequate awareness work cannot be overestimated as it is the basis for a very long term contractual arrangement between the landowners and the State.”<sup>52</sup>

The Independent Review Team’s reports confirm landowner awareness work is not being adequately carried out. In its overall findings on these issues the team found:<sup>53</sup>

- The quality of the landowner awareness work is being compromised, or sometimes even overlooked, and it cannot be said landowners are making informed decisions or that their expectations are likely to be met.
- Landowners do not have the skills or information to make an informed decision regarding the 50 year transfer of their forest management rights to the PNG Forestry Authority. All of the Forest Management Agreements signed to date are seen by the landowner specialist as deficient with regard to informed consent.
- The work being done in incorporating land groups is uniformly poor. The Registrar of Titles does not have the capacity to properly vet registrations.
- ILG work for forestry projects is almost uniformly unsatisfactory and it appears rare that meaningful empowerment is being achieved.

The problems in the ILG process occur at a number of levels.

At one level is the issue of informed consent. In theory an independent facilitator provided by the PNG Forest Authority should help communities negotiate the ILG process. In reality companies regularly take over this role, meaning developers, rather than PNGFA officers, negotiate directly with communities and register the ILGs with the Registrar of Titles in the Department of Lands and Physical Planning. Interviews with landowners suggest any independent advice is much more likely to come from local community groups, NGOs, women’s

organisations and churches, than from the PNGFA.

At another level, many ILGs are obtained without following correct procedures and many are not registered by the Registrar of Titles, as the office lacks the capacity to process them. Thus, many logging projects proceed without the landowners having been issued with ILG certificates at all.

A related problem is that copies of agreements negotiated with resource companies are often not left with landowners. Landowners, many of whom are illiterate, may not know to ask for copies of such documents, making subsequent legal challenges extremely difficult.

In its conclusions and recommendations, the Independent Forestry Review Team, looking into forestry projects in 2001, suggested a range of ways in which the process of gaining the consent of landowners could be improved. However, even if the review team recommendations were adopted, it is unlikely they would be sufficient to effect real change. One of the major problems with the informed consent model is that it does not allow for alternative land-use options, such as conservation and small scale eco-forestry harvesting options. As academic Colin Hunt notes: “Community participation in forestry is essentially limited to the requirement that landowners be incorporated before they transfer control over their forest resources to the State.”<sup>54</sup>

Another factor is the scarcity of government services in rural areas. The majority of landowners targeted by logging companies live in isolated, poorly-serviced parts of the country. The promises of logging companies to build schools, health clinics and roads are seen as attractive options because, in many cases, they are the only option. To a great extent the impact on PNG’s forests by resource companies is a direct consequence of the Government’s inability to provide services to rural areas. The problem is compounded by limited information and a lack of viable alternatives for rural communities.

### **Destruction and contamination of food and water sources**

“When I went down to the River Agrio and Wasaro I could not speak. When I threw my fishing line in there was no fish. When I went hunting there were no cassowaries. The river was spoilt, the forest was spoilt.”

– Landowner from Western Province

**'No cutting of trees near the sago area':** Sago is an important food source for many Papua New Guineans (photo ACF/CELCOR)



Concerns about clean water, food security, health and nutrition were raised in numerous interviews for this report. In one case a landowner explained how the notorious Kiunga-Aiambak road, constructed by Concord Pacific, caused many health concerns in his village.<sup>55</sup> Where the poorly designed road went through one village, he reported severe erosion, leading to considerable sediment runoff into the surrounding rivers. The community's drinking water became increasingly turbid and unsafe to drink, increasing health problems and drying up streams that were once a source for protein and potential hunting grounds.<sup>56</sup>

In another case, a landowner described the effect of logging on protein sources and ongoing food security:

"On January 1st, 1995, I came to the place where the company was logging. I went to see the forest and the river. The rivers before had plenty of fish, the forest had tree kangaroos sleeping everywhere, the Cassowaries used to drink near the river – but now they are not there. All the birds were gone. This place used to have plenty of animals to hunt, lots of pigs, lots of cassowaries, lots of fish – there was lots of everything. We did not have to look hard for meat or fish. When I went down to the River Agrio and Wasaro I could not speak. When I threw my fishing line in there was no fish. When I went hunting there were no cassowaries. The river was spoilt, the forest was spoilt."<sup>57</sup>

The impact the logging industry has on PNG's forests exacerbates health and nutrition concerns. When a catchment is logged, it creates erosion and pollutes rivers. One of the most common causes of polluted drinking water sources is poorly

**Habitat destroyed:** Industrial logging is contributing to a decline in marsupial, bird and fish numbers, with serious food security consequences for rural Papua New Guineans (photo Tim Anderson)



constructed roads. This was highlighted in a report by Dr Christin Kocher Schmid, who spent several years studying the impact of logging on the people of the Vanimo-Kilmeri area in Sandaun Province. Dr Kocher Schmid reported:

"Skidding roads are often built across watercourses and not equipped with proper culverts. After rainfall, the creeks on which people are dependent for their water supply are muddy. Worse, the chemicals used to preserve the felled logs from rot further pollute the same water courses."<sup>58</sup>

Dr Kocher Schmid also found a range of resources collected from the forest that form a crucial part of local people's health and wellbeing were also being depleted by logging. These included wild mushrooms, grubs and fruit trees used for food and medicine.

The destruction of habitat by large scale logging can have serious consequences for food security. Loss of habitat leads directly to a decline in the populations of pigs, birds, marsupials and fish – some of the main sources of protein for rural Papua New Guineans.

Logging also damages another vital food source for many Papua New Guineans: sago palms and sago swamps. An environmental and social impact assessment of logging operations in the Vanimo area by Forests Monitor Limited and the Individual and Community Rights Advocacy Forum (ICRAF) found the destruction of sago palms through logging practices represented a major nutritional loss for landowners. Their report also noted the impact on river health:

"The activities of VFP [Vanimo Forest Products], particularly the construction of skid tracks through community streams, have increased soil erosion and stream turbidity, which has decreased fish and crayfish recruitment."<sup>59</sup>

The loss of protein sources has a significant effect on women, who are generally responsible for collecting birds and eggs from the forest. Due to logging, women now have to spend more time and travel further to do so. The Forest Monitor/ICRAF assessment found an increase in reports of malnourished pregnant women and low birth weight babies in the Vanimo area.<sup>60</sup>

According to a landowner interviewed by ACF, when logging operations moved into the Vailala concession area in Gulf Province, foreign employees of the logging company started using chemicals to catch fish in the river. They allegedly poured certain chemicals into the river, catching the fish when they died and floated to the surface. Some landowners reported the chemicals used were for spraying logs to kill insects in the timber. Local people still use traditional fishing techniques, such as fishing line and hook, or nets. The chemicals killed prawns and fish that local people used to catch and polluted the drinking water supply of local villages. In 2001, people in two villages – Hepere and Avavu villages in Ihu District – became sick after drinking allegedly polluted water from the river, including three small children (around two or three years old), two young women and one old woman.<sup>61</sup>

### **Destruction of cultural property**

Large scale logging in PNG frequently destroys places of cultural significance, including sacred sites and artefacts. These sites are an important manifestation of the culture and identity of indigenous communities. Logging operations have also disturbed grave sites. Compensation for such acts of desecration is rarely forthcoming.

Stories of the destruction of cultural property have been recounted in many interviews for this report. In one case, a landowner from Wawoi Falls told how a logging company unearthed his brother's grave:

"The company made a road into the area to go and get trees. When they built the road they dug up my brother's grave... I saw that all the bones of my brother had been dug up and broken. His arm bones and skull were broken. I was very angry when I saw what had happened."<sup>62</sup>

In another case, an interviewee reported the destruction of sacred sites by a logging company. The villagers complained to the company, but they received no compensation. He told CELCOR:

"The company did not respect the sacred site. We explained to the company and told them the story about the sacred site, but they came and did a survey plan of this area. They said they did not want to go around the sacred site as the sacred site was in the place where they wanted their road to go. The landowners have a right, but the company did not listen to us and now these days the power of the sacred site has gone because the company has disturbed the site."<sup>63</sup>

This was echoed in another interview, where a man described the way the logging company operating on his land failed to pay compensation for the fruit trees, sacred men's houses, canoes, houses and other valuable cultural items and assets in their old village that were destroyed by logging operations.<sup>64</sup>

### **Poor working conditions for logging company employees**

The logging industry in PNG is notorious for its poor working conditions. The lack of safety equipment for workers often leads to serious accidents. A number of incidents have been documented by CELCOR. In one interview a logging employee described how he sustained a serious injury when a welding machine dropped and smashed one of his toes. At the time the accident happened the company allegedly had not provided employees with appropriate boots, hand gloves, masks or other safety equipment. The company denied him assistance with

medical expenses and he eventually resigned, being dissatisfied with the company's treatment of him.<sup>65</sup>

Local landowners near Vailala in the Gulf Province expressed concern about the working conditions of logging employees who had come from other provinces, stating:

"Employees were dying where they were working... dying of sicknesses...[it was] difficult to repatriate back to their various provinces. And the logging company just said 'we have nothing to do [with this], you just bury them here'. ... There was a medic there [in the logging camp]... the biggest problem is the medications run out."<sup>66</sup>

Other cases involve workers not receiving their wages. As one young woman worker recounted:

"While working at Panakawa [logging camp and veneer mill] all of us were told by [a logging company senior manager] that he would open up an account for us to save money. This never happened. Whenever all of us asked him for our money, he would tell us that he has saved it and we should just continue working till we wanted to go home. To date most of us who left Panakawa have not been paid."<sup>67</sup>

In many logging camps workers are prevented from leaving the work area for long periods of time. Due to the isolation of many camps, workers are usually reliant on company transport to get in and out. The remote conditions can create particular concerns for women workers. There have been many allegations of sexual abuse.<sup>68</sup>

"[A named senior manager of a logging company] usually gets the girls from our area and arrange for them to sleep with Asians working at the mill. [He] would tell the girls to always go to his house to cook and wait for him whenever they were not working. He has no respect for his own sister [named] who fell pregnant to him. He then took [her] to the Panakawa hospital and got her an abortion."<sup>69</sup>

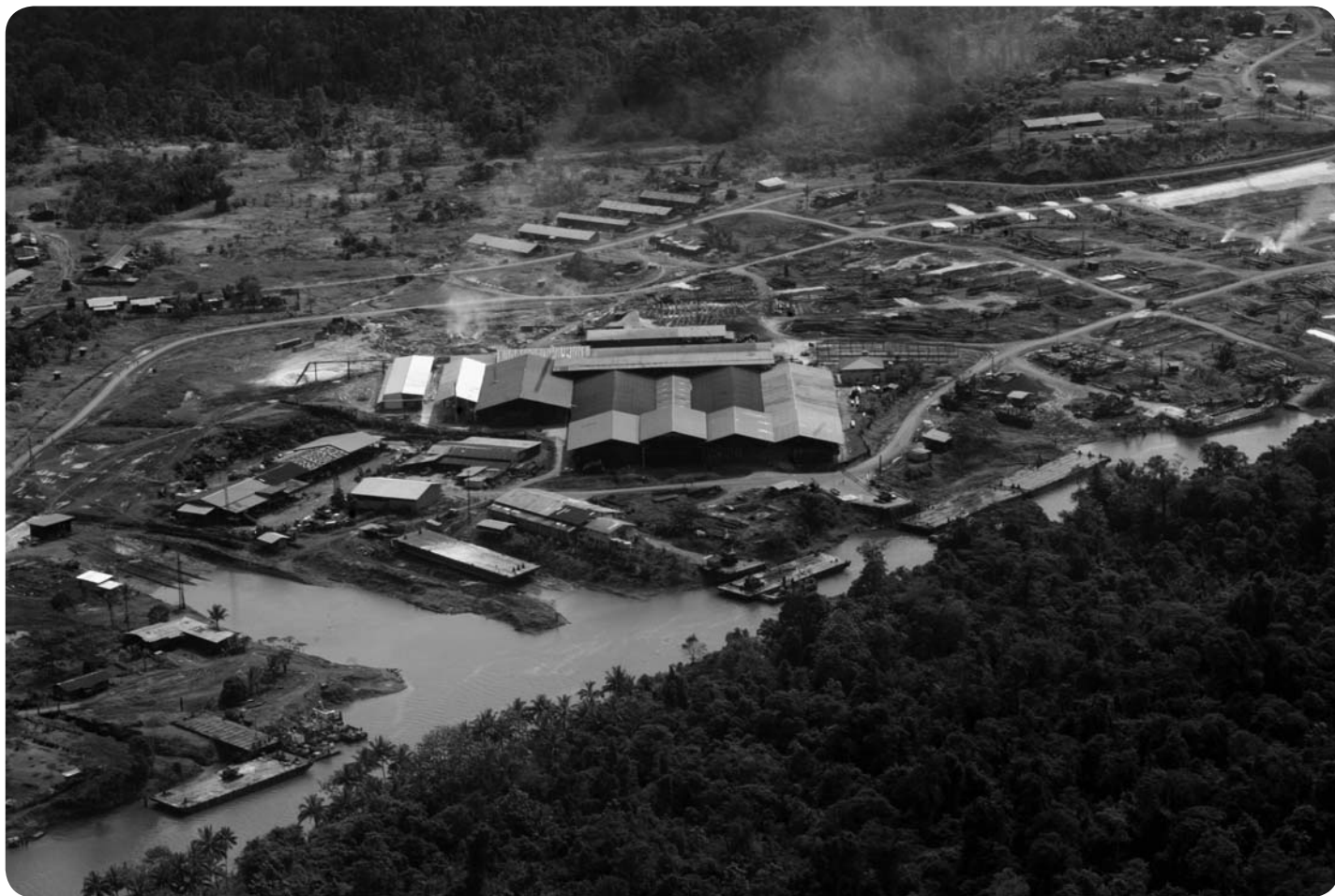
Women mainly work in low skilled jobs (radio operators and cooks), not specialised areas where they can develop skills.

"The problem is many of these young ladies, women, as soon as they go in there they only stay six months. They get pregnant... they've been forced by these employees... they tell them 'OK, you go' and a new girl comes."<sup>70</sup>

The appalling labour conditions in many logging camps were exposed in a PNG Government review. The Department of Labour and Industrial Relations and the Department of Community Development formed part of an Inter-Agency Forestry Review in 2003 and 2004. In a series of inspections of logging sites the Department of Labour documented a range of concerns. These included a lack of training of workers and no emphasis on skills transfer, contrary to requirements in the National Training Policy. In many cases the Department found no evidence of skills training and transfer to facilitate counterpart-training arrangements.<sup>71</sup>

The Department also highlighted numerous occupational health and safety issues. They reported employees were working without safety boots, goggles and earmuffs. In some cases they noted companies had "absolutely no regard for safety and safe work practices."<sup>72</sup>

**Poor conditions:** A former worker from Rimbunan Hijau's Panakawa veneer mill says health and safety regulations were only observed when international monitors were present (photo Greenpeace/Birch)



In the case of Wawoi Guavi Timbers, the Department commented, “the level of safety practices and implementation at Wawoi Guavi Timbers is appalling and cannot be measured against any standard. Wawoi Guavi Timbers safe work practices is non-existent...”<sup>73</sup>

A former worker from Rimbunan Hijau's Panakawa veneer mill told CELCOR health and safety requirements were only observed when international monitors were present:

“While working at Panakawa, the manager of the mill...tells me to load 2000 veneer on the ships. However, when I stop at 2000, he tells me to continue packing up to 50 more. This has happened on many occasions that I have worked. The only time when he does not tell me to load extra veneer is when there are forestry officers present or SGS [a Swiss inspection and monitoring firm] personnel.”<sup>73</sup>

The Department of Labour was also concerned about the poor living conditions for workers, citing overcrowding and a lack of safe containers for drinking and cooking.<sup>75</sup> In relation to the conditions endured by workers at Wawoi Guavi Timbers, the Department noted: “A tour of the living quarters and the employees living conditions is appalling with overcrowding and is totally unsafe.”<sup>76</sup>

The Department also noted the employment of non-citizens in unskilled positions. Permits to allow non-citizens to work in PNG are supposed to be issued only to skilled personnel who are to impart their skills to PNG citizens. In many cases the Department's inspections found more non-citizens employed than the number of positions approved, in violation of the Employment of Non-Citizens Act. The Department of Labour has reported that many foreign workers with permits for senior positions such as managers and supervisors are in fact employed in semi and unskilled positions that could be filled by local workers<sup>77</sup>. One report states: “Logging companies are exaggerating the position titles only to obtain approval and then they engage semi-skilled and unqualified non-citizens in those positions.”<sup>78</sup>

Poor wages are a fact of life across the industry. According to the Department of Community Development, Rimbunan Hijau pays some workers just 63 toea (about 30 Australian cents) an hour. The Department's report into the Panakawa veneer mill said work hours were 7:00am to 7:00pm and no overtime allowance was paid if employees worked beyond 7:00pm.<sup>79</sup>

The Inter-Agency Review Team repeated the concerns that PNG police were used by logging companies to assault employees who complained about personnel issues. In the case of Turama Forest Industries, the Department of Labour noted: “There is evidence of this abuse and suppression of workers rights amounting to violation of human rights by the company.”<sup>80</sup>



*Isolation: There have been many allegations of sexual abuse of women working in remote logging camps (photo Greenpeace/Birch)*

## Impact of logging on Papua New Guinean women

“Communities can be torn apart, not just by the pressures on family relations of a sudden but all too transient influx of easy cash, but also by the political turmoil. The big men [are] convinced by the loggers’ treats; a four wheel drive and an expenses paid trip to the capital city where the logging agreement is signed. While the women and the young are left to deal with the realities that the logging brings.”

– PNG Forest Watch<sup>81</sup>

Large development projects have a disproportionate impact on women and children. Men control most of the decision-making and the benefits available to landowners through forestry, while women are generally left out of negotiations. Bodies such as Incorporated Land Groups and Landowner Companies tend to entrench men as the local or clan representatives, effectively alienating women from participating in the politics of those institutions.<sup>82</sup> Given the difficulties for women in gaining access to royalties, men tend to develop an attitude that logging royalties are ‘free money’ that can be spent as they choose. All too often this money is used for the purchase of alcohol and sometimes weapons.

Logging also makes it harder for women to conduct traditional women’s activities. Processing sago and collecting clean water become more difficult due to the longer distances women are forced to travel.

The sudden influx of cash into communities, particularly into the hands of men, contributes to a range of social and health problems including increases in drunkenness, gambling problems, and higher levels of sexually transmitted diseases. Perhaps most seriously, the increase in alcohol consumption in communities has resulted in a parallel rise in violence against women. Company sponsored forms of police violence fuel the domestic violence many women and children experience in their own homes.

The Department for Community Development, in a series of assessments for the 2003-04 Inter-Agency Forestry Review, found logging operations had other negative consequences for women and children. The Department reported on several ‘convenient marriages’ in which foreign male workers soon abandoned the local women, who were left to bring up the children.<sup>83</sup> These women were sometimes ostracised from their communities and found it difficult to remarry. At least 14 women from areas being logged by the company Vanimo Forest Products have laid formal complaints with the welfare office in Sandaun Province, seeking financial assistance to raise children they have had to foreign workers.<sup>84</sup>

Serious allegations of sexual abuse involving officials from logging companies are talked about in communities where logging is conducted, but claims are difficult to verify, as women are usually reluctant to report and discuss sexual abuse for fear of being ostracised by their communities.



SBS TV’s *Dateline* program, ‘Jungle Justice’, of November 2004, documented some of the ways women are recruited into camps that are so isolated the only access is by plane. Once in the camps women claimed they were forced to have sex with the company officials and the police who work for them.<sup>85</sup> The Department of Community Development also documented allegations of female workers being forced to have sex with expatriate workers.<sup>86</sup> A case of child sexual abuse by an expatriate worker was also recorded.<sup>87</sup>

Sexual abuse allegations have also circulated in PNG’s national newspapers. In November 2003 the *Post Courier* published claims made in Parliament by Ijivitari MP Cecil Doruba that some of the recruited women workers from Tufi in Oro Province were forced to have sex with senior staff from a logging project, then to abort unwanted pregnancies.<sup>88</sup>

The influx of transient foreign workers into remote parts of PNG and the accompanying sexual abuse and increased demand for prostitution is undoubtedly contributing to the HIV/AIDS epidemic, already an extremely serious problem in the country. PNG has the highest rate of HIV infection in the region. Medical staff in the area of Sandaun Province where logging company Vanimo Forest Products is operating, have reported an increase in sexually transmitted diseases.<sup>89</sup> National Capital District AIDS Committee chairman Elly Temu reportedly told a public meeting in October 2004 that Port Moresby General Hospital attends to 115 new HIV and AIDS cases every month and 14 people die from AIDS every day.<sup>90</sup>

**Erosion:** Sediment run-off from badly-made logging roads pollutes waterways, making drinking water turbid and unsafe and exacerbating health problems in communities downstream (photos ACF/CELCOR)

## Rights, wrongs and reform

The case studies above illuminate the myriad ways in which the human rights of landowners in PNG are being undermined by large scale logging. It is not as though Papuan New Guinean's rights are not protected by law. The problem is more that the capacity and political will to uphold and defend those rights has been weakened and undermined by powerful forces.

A key issue is that forestry activities take place almost exclusively in remote areas, making effective monitoring of logging activities difficult. Isolation creates an atmosphere in which human rights violations are allowed to thrive. On the occasions when violations are reported, the remoteness of logging camps and concession areas makes investigating allegations of abuse extremely difficult. The role played by the police provides another complicating layer to the picture with repeated allegations that some police officers earn extra money 'moonlighting' as private security for logging companies in remote areas.

All these problems are exacerbated by a legal system that is over loaded, under-resourced and expensive for grassroots Papua New Guineans to access. While the complaints handling body established by PNG's Constitution, the Ombudsman Commission, has recently set up a human rights unit, it is small and severely under-resourced.

These difficulties are compounded by the broader climate of corruption that contributes to the under-reporting of human rights abuses.



### 3 PROSPECTS FOR REFORM

“It would be fair to say, of some of the [logging] companies, that they are now roaming the countryside with the self-assurance of robber barons; bribing politicians and leaders, creating social disharmony and ignoring laws in order to gain access to, rip out, and export the last remnants of ... valuable timber”

– Justice Barnett’s Commission of Inquiry into Forestry Matters, 1989

#### Background to reform efforts

In the late ‘80s a Commission of Inquiry into aspects of the timber industry in PNG, chaired by Australian judge Tos Barnett, revealed a logging industry plagued by pervasive corruption, bribery, non-compliance with regulations, extensive violations of landowners’ rights and extreme environmental destruction.<sup>91</sup>

Following the Barnett Inquiry the Government of PNG, with assistance from Australia and the World Bank, instituted a range of reforms in the forestry sector with the aim of creating better state control over the industry.

The World Bank organised a Tropical Forestry Action Plan (TFAP) for the PNG Government in 1989 and was involved in several other abortive attempts to regulate logging in the 1990s. All the World Bank’s loan schemes were aiming to improve the policy and institutional environment in the forestry sector.

In 1991 a new *Forestry Act* was unveiled. A new National Forest Policy followed. Both explicitly emphasised sustainable yield management and incorporated the concepts of environmental conservation and protection, the decentralisation of decision-making and full recognition of people’s rights to their natural heritage.

Under the National Forest Policy and *Forestry Act* the State reserves the right to enter into forest management agreements with landowner groups. The government buys timber rights from landowners that it can then sell to logging companies as licences to extract timber. The procedure for identifying customary resource owners is through the *Land Groups Incorporation Act 1974*, giving landowners a legal identity. Following the ILG process, a Forest Management Agreement can be signed between the Incorporated Land Group and the PNG Forestry Authority, acting on behalf of the State.

A logging code of practice was introduced in 1997. The code of practice aims to provide ‘practical guidance’ to reduce the adverse impact of logging on forests and the communities living in them. The code prohibits logging on steep slopes, permanently inundated land, limestone country and mangrove areas and sets standards for the protection of watercourses and coastlines.<sup>92</sup>

In theory, the loans provided by the World Bank were designed to establish a system and structure to facilitate more sustainable logging and improve PNG’s revenue stream. But its effectiveness is questionable. The World Bank’s own evaluation revealed that in 1998, the government reduced log export duties and the Forest Authority set up through the reform program was progressively marginalised. Large extensions to existing concessions were considered, and procedures for granting new concessions circumvented. Financial support to the forest service was withheld, its staff re-shuffled, and preparations were made to weaken the *Forestry Act*.

In 1999 Sir Mekere Morauta became Prime Minister, promising a new era of good governance. The World Bank embarked on another reform program through the \$90 million Governance

Promotion Adjustment Loan (GPAL). Under this loan, the Government was obliged to implement a wide range of measures including several conditions related to the forestry sector. These conditions included a moratorium on new logging permits until an independent review of proposed logging concessions was completed and the Government had an action plan to implement the recommendations.<sup>94</sup>

The Independent Review of Proposed Logging Concessions was conducted by a team appointed by the World Bank and funded by the Australian Government through AusAID. The review team studied 30 proposed new forestry concessions and two existing logging operations.<sup>95</sup> The team found four proposed concessions were already being illegally logged and attempts had been made to illegally grant permission for logging in at least another 11 areas. The review team found much evidence the logging industry was continuing to operate without effective administrative control, including:<sup>96</sup>

- attempts by logging companies to circumvent the *Forestry Act* by gaining extensions to existing contracts;
- attempts to develop projects that did not appear in the National Forest Plan;
- breaches of the *Forestry Act*; and
- failure to follow due process.

On the issue of landowner rights the review team uncovered a range of problems, including forestry developments that went ahead without landowners giving their informed consent as required under the *Forestry Act*. The review was another damning indictment of the state of forest administration in PNG and again raised concerns about the sustainability of logging and the improper influence of the logging industry on government officials and politicians.

The Government struggled to meet many of the GPAL loan conditions. Conditions were subsequently watered down and for the duration of the GPAL illegal logging activities continued unabated.

One of the scandals involved a foreign-owned logging operation, Concord Pacific, which had exported more than \$36 million of logs from communally-owned forest in the Kiunga-Aiambak area in Western Province. In 1995, the project was declared illegal by forest authorities. Despite complaints from the Independent Forestry Review, the Chair of the National Forest Board, the Forest Industries Association and even the then Prime Minister Mekere Morauta, no effective action was taken against the company. The illegal operation continued throughout the duration of the GPAL. Indeed, the project was allowed to expand through a series of permit extensions. In December 2001 the company was given a new and larger timber permit, allowing it to log along an 831-kilometre corridor with a total area of 2.7 million hectares.<sup>97</sup> The National Court later determined this permit to have been invalid.<sup>98</sup> It was only following pressure from NGOs and the lodgement of an Inspection Panel<sup>99</sup> claim by CELCOR to the World Bank that the project was finally shut down.

The PNG Government did not fulfil its obligations under the GPAL. Several illegal logging operations commenced during the moratorium on new logging permits, which was lifted prematurely by the PNG Government. Despite protests from NGOs and the lodgement of the Inspection Panel claim urging the Bank not to provide further loans to the Government of PNG, the Bank approved a new US\$17 million loan for a Forestry and

Conservation Project (FCP) in December 2001. The FCP aimed to “strengthen the capacity of local people, government and non-governmental entities to sustainably manage and conserve PNG’s forest resources.” The new loan agreement again included several conditions relating to proper governance in the forestry sector and required a comprehensive independent review of existing logging projects.

This new independent review was conducted through 2003 and included individual assessments of the 14 largest on-going logging projects. The overall conclusion from the review findings is that almost all existing logging projects in PNG fail to meet a number of key legal criteria and must therefore be properly regarded as illegal. They are also failing to meet any standards of sustainability and there are numerous problems associated with corporate governance, worker abuses and social impacts from the logging operations.

At the same time this review was being conducted the PNG Government, in breach of the loan conditions, continued to extend old timber permits and allocate new projects. Under pressure from NGOs, the World Bank was forced to commission a further review of six such new permits and permit extensions. All were found to be illegal.

The three reviews conducted between 2001 and 2004 showed again that past reform efforts had failed. In late 2003 the World Bank, dissatisfied with the PNG Government’s efforts to stop new illegal logging projects highlighted in the Review of Disputed Timber Permits and Permit Extensions, suspended the Forestry Conservation Project loan. In May 2005, the loan was cancelled altogether, with no reform outcome. PNG still has a massive debt to the World Bank, despite the reform failures.

There have been recent attempts to water down the Forestry Act. The Forestry (Amendment) Act, passed by the Parliament on 3 August 2005, removed key landowners’ rights to participate in the development and management of their forests and increased secrecy provisions, in stark contrast to the Directive Principles of the Constitution.

The amendments have been heavily criticised by civil society and oversight agencies as unconstitutional. The Ombudsman Commission filed a Supreme Court reference arguing the amendments would have the effect of depriving landowners of their right to have a say in the forestry allocation process.<sup>100</sup> Transparency International (PNG) also expressed concern about the provision to prevent National Forest Board members from disclosing information to the public, noting it was a “retrogressive step for transparency”.<sup>101</sup>

### The hazards of reform

“Get out of forestry or you’re dead, or your children will be killed”

– Message on a note thrown into the residence of Jean Kekedo, Managing Director of the Forest Authority, 1995

Attempts to clean up the timber industry have met with determined and – in some cases – violent resistance.

In September 1988, Tos Barnett, the judge who headed up the Commission of Inquiry into the forestry sector, narrowly escaped death after being stabbed by unknown attackers outside his Port Moresby home. At the time of the attack the inquiry was uncovering evidence of widespread corruption in the industry. The inquiry implicated a long list of “very senior” MPs and provincial leaders and made recommendations

that the Ombudsman Commission investigate some of them. It found many of the leaders implicated had either received “gifts” from foreign businessmen or were involved in joint ventures with logging companies, some doing so purportedly as representatives of their people.<sup>102</sup> Many believe the stabbing of Justice Barnett was not simply a random attack by *raskols*.

On the night of 5 June 1994 fire destroyed extensive records at the Forest Authority offices. Reports said the police were treating the incident as arson. The fire came at a time when logging interests were pushing to weaken laws on logging.<sup>103</sup>

In the mid ‘90s, the then Minister for Forests, Tim Neville, and the head of the Forest Authority, Jean Kekedo, both received death threats while they attempted to shine some light on the practices of the forestry sector.

### Occupational hazards

In the ‘80s, Jean Kekedo OBE became PNG’s first female Ombudsman. She is now Papua New Guinea’s High Commissioner to the United Kingdom. During the ‘90s she was the managing director of the Forest Authority and took seriously the task of monitoring logging practices and preventing timber smuggling, corruption and illegal operations. In 1995 she told Pacific Islands Business of the unusual occupational hazards that came with the job. “I get lots of threats. I don’t know who they are,” she said. “Even as late as two weeks ago I got phone calls to threaten me. I have had to shift home three times because of threats on my life and my home. Notes thrown into my house say ‘Get out of forestry or you’re dead, or your children will be killed’.” At the time the Authority was investigating the illegal export of timber and cases of bribery. An employee of a major logging company was charged with offering the Minister for Forests a K20 million bribe.<sup>104</sup>

In 2004 television journalist Bronwyn Adcock had her passport and plane ticket confiscated by immigration officials as she attempted to leave PNG. Adcock had been in Western Province interviewing people and researching the extent of police violence connected to the operations of Rimbunan Hijau. Her passport and ticket were later returned to her and the results of her investigations were broadcast on SBS TV’s *Dateline* on 3 November 2004.

In recent years, a number of NGO workers who have been critical of the logging industry have also encountered violence and harassment. The 2006 Goldman Award<sup>105</sup> winner Annie Kajir is one such target. Ms Kajir is the Chief Executive Officer and principal lawyer of the Environmental Law Centre Ltd. In 1997, in her first year of practice as a lawyer at the age of just 24, she successfully defended a precedent-setting appeal in the Supreme Court of Papua New Guinea that awarded damages for trespass on customary land for logging purposes.<sup>106</sup> Ms Kajir is involved in another case launched on behalf of landowners who have taken Rimbunan Hijau, the PNG Minister for Forests and the Forest Authority to court for illegal logging of 450,000 hectares of kwila (merbau) forest. More than once she has been physically attacked, intimidated and robbed of her computers which contained files on her legal cases.<sup>107</sup>

Other NGO workers have reported incidents including NGO vehicles being tailgated, vandalised and stolen. Some, conducting field work in remote areas near logging camps, have been assaulted and prevented from boarding planes.<sup>108</sup>

## 4 CORRUPTION AND INFLUENCE

The logging industry has become a big player in PNG's politics and economy. Logging companies are a major source of funding for political parties and politicians. The industry wields considerable influence through political donations, lobbying, media ownership, sponsorship of public events (like the Miss PNG contest) and through some of the less-well-publicised methods documented elsewhere in this report – direct cash payments to landowners and promises of infrastructure developments like roads, schools and health clinics.

The Barnett Inquiry (1988) and the Independent Forestry Review (2001) both showed the problems plaguing the forestry industry in PNG were the result of more than just poor management and a lack of government capacity to monitor activities. Outside observers – and many national leaders – see corruption as a major part of the problem. Although not referring specifically to the timber industry, former PM Sir Mekere Morauta showed how concerned many leaders are about the extent of corrupt activities in the country when he famously described corruption in PNG as “endemic, systemic and systematic”.<sup>109</sup>

The Independent Forestry Review Team documented a number of disturbing practices, including companies ‘buying’ the right to log in particular concession areas and permits or licenses being issued outside the established legal processes. Almost without exception the review team concluded landowners had not been properly involved in decision making, were not aware of what was happening to their resources and had not given informed consent to logging operations. Because logging usually happens in remote areas, it can be difficult for Moresby-based national authorities to monitor, meaning companies can do deals at the provincial or even local level to gain access to forests. It is no wonder one official review report recommended the Government urgently establish its authority in the Wawoi Guavi area, saying its absence “makes RH [Rimbunan Hijau] think and act as if it is the government there.”<sup>110</sup>

The review team also uncovered evidence of political interference, including evidence of interference by Government Ministers in the development of a number of projects.

*The Australian* aired one such claim in March 2006. A report by journalist Greg Roberts revealed Prime Minister Sir Michael Somare had sent a letter to his Forest Minister Patrick Pruaitch, instructing him to issue a permit to logging company Tzen Niugini “without further delay” for a project in East New Britain. The report said Sir Michael indicated the project had been “unnecessarily delayed and no efforts should be spared to ensure it is fast-tracked” and Mr Pruaitch was “therefore directed” to issue the permit to the company.<sup>111</sup>

### Economic power in PNG

The economic influence of foreign logging companies in PNG has stretched well beyond the forestry sector. One company is particularly powerful. Rimbunan Hijau now has interests in commercial printing (Star Printers), travel (Travel Planners), the media (*The National* newspaper), information technology (Comserv Winsystem Ltd), property (Dynasty Development), retailing (RH Hypermart), food service industries (Grand Palace Restaurant) and shipping (Straits Marine).<sup>112</sup> It is currently looking at acquiring land to develop its oil palm interests through Rimbunan Sawit Bhd.<sup>113</sup>

The Rimbunan Hijau Group was set up in 1976 by Hiew King Tiong, a businessman from the state of Sarawak in Malaysia. Working together with his brothers (notably Thomas Kiu King, Thai King and Ik King) Mr Tiong has turned Rimbunan Hijau into a large multinational corporation.<sup>114</sup> Hiew King Tiong is now listed as a billionaire by Forbes magazine. In 2005, he was ranked 20th in the Forbes South East Asian list of richest people.<sup>116</sup>

Company searches have revealed links between Rimbunan Hijau and leading PNG finance company Kina Securities Limited. According to company sources, Kina's major shareholders are Flensburg Inc. (64.5 per cent share) and Primeco Ltd. (30 per cent share). Primeco is now wholly owned by Flensburg Inc. Further, the sole shareholder of Flensburg Inc is (Madam) Ho Lay Puay, the wife of Kiu King Tiong<sup>117</sup> and therefore a sister-in-law of Hiew King Tiong. The Managing Director and Company Secretary of Rimbunan Hijau in PNG, James Lau and Tek Kong Lee, were listed as Directors of Kina Securities in that company's 2003 Annual Report, though Mr Lau has since resigned from the Board of Kina Securities.<sup>118</sup>

Kina Securities is Papua New Guinea's leading stockbroker and one of its largest fund management companies – handling over K500 million in investments on behalf of its clients. It is the largest private company in the finance sector in PNG and has ambitions to become a fully licensed bank. Kina Securities was instrumental in the establishment of the Port Moresby Stock Exchange and gives financial advice to many leading companies. Kina Securities even has a collaborative relationship with ABN Amro Morgans, one of the world's largest banking groups.<sup>119</sup> As a result of the above corporate structure, however, Kina Securities is effectively controlled by the Tiong family, which also controls Rimbunan Hijau.

### Regional and global economic influence

A survey of the Rimbunan Hijau group of companies and subsidiaries shows its interests include timber processing, agriculture (cocoa and oil palm), aquaculture, insurance, banking, publishing, optical fibres, information technology, shipping, retailing, travel, real estate and property development, mineral and mining development and print media in numerous forest-rich countries.<sup>120</sup>

Hiew King Tiong now appears to be focusing his energies in the Chinese media market. He has publicly called for unification and convergence of the global Chinese media to reflect the Asian voice and perspective. According to the Far Eastern Economic Review (FEER), Hiew King Tiong's media group is now the world's largest Chinese-language publisher outside China and Taiwan.<sup>121</sup> FEER reports Hiew King Tiong's media assets include newspapers and magazines in China, Malaysia, Cambodia, Hong Kong, Papua New Guinea, Canada and the US, as well as a radio station in New Zealand. The expansion of his media territory to South East Asia and other Chinese communities of the world have won Tiong powerful friends in Beijing.

Rimbunan Hijau also has interests in Australia. Company searches reveal extensive business investments through Thomas Tiong Kiu King, a younger brother of Hiew King Tiong. Various family members of the Tiong family are key shareholders of two major holding companies, Deland Corporation and Burlington Corporation.

## 5 GUNS, VIOLENCE AND CONFLICT

These holding companies in turn own companies such as Landmark Investments, Landmark Projects, Landworth and Roxbrook. Their property investments include the Harbourside shopping complex at Darling Harbour in Sydney and a number of agricultural businesses. The Tiong family controls a number of other companies in Australia, including Westby and Sunray Nominees.

The Tiongs have significant interests in mango farming in Queensland through NAP Townsville Pty Ltd (based in Giru in northern Queensland) and its ultimate holding company Burlington Corporation. Burlington is also part owned by Thomas Tiong. The largest Mango plantation in the Northern Territory, Manbulloo Mangoes Australia Pty Ltd, is owned by MCH N° 202 Pty Ltd, which in turn is part-owned by Thomas Tiong. These companies' plantations in Queensland (Burdekin region) and the Northern Territory (near Katherine) are estimated to supply around 10 per cent of Australia's total mango crop.

The Tiongs also have interests in cattle in the Northern Territory and Victoria. The Northern Territory operations are centred at the Jindare property, about 30 kilometres south west of Pine Creek. Jindare is a massive grazing property located in the Daly River and is owned by Chiong Ong Tiong,<sup>122</sup> Hiew King Tiong and Ik King Tiong through Taimatsu (Australia) Pty Ltd.

A timber importer in New Zealand linked with Rimbunan Hijau, LumberBank, was expelled from the New Zealand Timber Importers Association for illegally logging Papua New Guinea forests. LumberBank lost its appeal to the New Zealand High Court in December 2004 against its expulsion from the association, which controls 80 per cent of timber imports to New Zealand.<sup>123</sup>

The ANZ Banking Group has publicly acknowledged its long-standing role in providing financial services to the Rimbunan Hijau group of companies in PNG. Although aware of the allegations and evidence of illegal and unsustainable logging and serious human rights and labour abuses, ANZ has cited company and governmental assurances that Rimbunan Hijau's activities are legal and has maintained its financial relationship with Rimbunan Hijau.<sup>124</sup> ANZ's requirements contrast starkly with those of CitiGroup, another major banker for the company, which has stated it will require Rimbunan Hijau to obtain credible, independent, third party certification for its Papua New Guinea operations.<sup>125</sup>

"I had five guns and my driver was a former army sergeant. If we couldn't get our way by money, we used force."

– Joseph Wong, former PNG logging executive<sup>126</sup>

Anecdotal evidence suggests the number of guns in PNG has been rising steadily since the mid '90s. According to a small arms survey in 2003, "the level of armed violence in Papua New Guinea has increased dramatically in recent years, with centres of demand for illegal firearms emerging both in urban areas and throughout the remote Highlands provinces".<sup>127</sup> The survey said thousands of assault rifles provided to Papua New Guinea's police and armed forces by Australia and the United States had ended up being used for crime and tribal fights.<sup>128</sup> The survey found of 7,664 assault rifles delivered to PNG by Australia and the US just over a quarter could be accounted for.

There have been fears for some time that the logging industry is facilitating a trade in guns. PNG Police Commissioner Sam Inguba has acknowledged gun smuggling occurs at remote logging camps but said police lacked the resources to travel to logging camps to investigate.<sup>129</sup> Internal Security Minister Bire Kimisopa has also acknowledged the connection between gun trading and the logging industry. Mr Kimisopa was quoted saying: "We don't have the resources but we admit guns are coming through Indonesia, coming through Torres Strait and we also admit that guns are coming through logging ships".<sup>130</sup> This has been backed up by a former customs officer, who has told how he saw high-powered guns smuggled into PNG in logging ships through West New Britain province and said guns were being smuggled into PNG from Indonesian controlled West Papua.<sup>131</sup> Police officers in Mendi, in Southern Highlands Province, have also raised concerns about inadequate port controls along PNG's porous south-west coastline.<sup>132</sup>

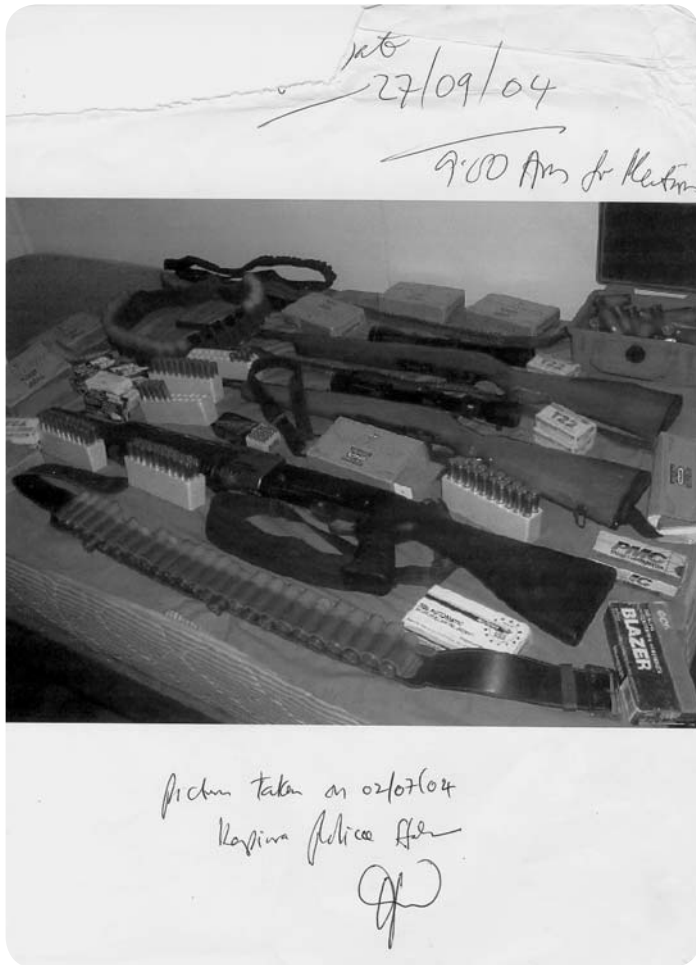
Civil society groups in PNG called for an inquiry into alleged links between the logging companies and the illegal trade in guns and drugs following reports the Binge logging camp was being used as a trading post for marijuana and high-powered firearms. According to environment group PNG Forest Watch, the guns come from Australia via the Daru port in Western Province and are brought up the Fly River on empty log barges to the logging camp where they are traded for marijuana grown in the Highlands. PNG Forest Watch says local police refer to the logging camp a 'free trade zone' because of the smuggling activities being carried on there. The police regional commander was quoted confirming a "guns for drugs trade in the Southern Highlands."<sup>133</sup>

In July 2004 police in West New Britain discovered "high-powered guns and enough ammunition to fight a small-scale war" when they raided a house in Kimbe town. A report in the *Post Courier* said the house belonged to an Asian man believed to be a logging operator. Eyewitness Henry Tand told the newspaper police had confiscated high-powered guns – some with telescopic sights – and a large quantity of various calibre ammunition. The police also found pornographic magazines and diskettes at the house.<sup>134</sup>

A separate report in the *Post Courier* outlined fears expressed by high school students in West New Britain that illegal guns smuggled into PNG on logging ships could one day be used in ethnic conflicts in the province. Students told of how they feared the presence of guns could increase tensions between landowners of West New Britain and oil palm settlers from other provinces. The students called for a ban on guns in the country.<sup>135</sup>



**Weapons cache:** Police in West New Britain found “high-powered guns and enough ammunition to fight a small-scale war” when they raided the house of an alleged logging operator in Kimbe town (photo Henry Tand)



In another example from November 2005, two men were killed and a teenager was seriously injured in a dispute over logging in Manus Province.<sup>140</sup> The *Post Courier* reported the dispute, which arose from a logging firm’s plan to expand operations further inland. The report said a former policeman who was attempting to mediate between the landowners and the logging company was shot by a foreign employee of the company. The employee was then killed in retaliation by the ex-policeman’s nephew, who himself was injured.

Papua New Guinea Defence Force (PNGDF) soldiers posted to patrol the PNG-Indonesia border have allegedly been used by a logging company in Sandaun Province to quell landowners’ protests, the *Post Courier* reported in June 2006. Landowner representatives from several logging concessions in the province told the newspaper soldiers had joined police to attend to any landowner opposition to the logging operations of the Vanimo Forest Products company.<sup>141</sup>

The availability of firearms raises the stakes considerably when landowners have disputes with resource companies. Anthropologist Michael Wood describes the way the Kamula, in Western Province, have started to think about guns when other ways of negotiating with logging companies prove unsuccessful:

“When Kamula talk about their experiences with company management there is a pervasive emphasis on their sense of frustration concerning the company’s refusal to meet requests for royalty advances, loans, lifts and food... Since many managers themselves carry guns the Kamula talk of gun owning as a way of being equivalent to the gun bearing managers and police.”<sup>136</sup>

Wood notes that Kamula men have begun to take an interest in acquiring guns and logging royalty payments make that possible. He says logging roads facilitate the transport of marijuana and guns.<sup>137</sup>

CELCOR has documented cases in which communities, frustrated by the unfulfilled promises and destructive practices of logging companies, have resorted to violence. In 2000, two young men who were unhappy with the logging practices of Frontier Holdings in Vailala, Gulf Province, held up the company’s Hepea base camp. According to a local landowner, the men were unhappy with damage to local waterways, which they believed to be a result of the company logging inside the required 100 metre buffer zone along waterways.<sup>138</sup> The two men were shot and killed by police.<sup>139</sup>

## 6 TRANSBOUNDARY TRAFFICKING

Decades of excessive log harvesting in Malaysia have seen a massive decline of domestic log supply in that country. Consequently, Malaysia's timber industry has looked abroad to neighbouring countries, like PNG and Indonesia, to secure new supplies of cheap, but often illegally-sourced, timber.

The Environmental Investigation Agency (EIA) and Indonesian NGO Telapak have released an investigative report exposing the 'massive timber theft' of a highly sought after timber species, *merbau*. The report alleges syndicates of brokers and fixers have organised an illegal operation to extract the *merbau* from the Indonesian province of Papua and have it shipped to China.<sup>142</sup>

According to the report, PNG has been used by logging companies to facilitate illegal logging activities and the trafficking of *merbau* out of West Papua. It claims heavy equipment is transported from Papua New Guinea by "a host of Malaysian companies and individuals who oversee the actual logging".<sup>143</sup> The claims of illegal transportation and entry of heavy equipment is consistent with an incident reported in the *Post Courier* in April 2006. In this report, owners of a confiscated Malaysian tugboat and a large pontoon loaded with heavy machinery bound for a logging camp in the Kairuku District of Central Province in PNG were said to have broken "every law" of entry and business practices in Papua New Guinea. The vessel reportedly entered PNG waters illegally, did not clear Customs or pay Customs fees and was not checked by quarantine officers.<sup>144</sup>

The EIA/Telapak report also reveals documents from PNG, which does not ban the export of logs, are used to mask the Indonesian origin of *merbau* log shipments. (Indonesia currently bans the export of logs.) There are also reports of vessels carrying *merbau* logs from Papua calling at ports in PNG, where additional logs are added and documents procured.<sup>145</sup>

The report also reveals a variety of techniques employed for the trafficking of the *merbau* to avoid enforcement action. Bribing and paying off authorities are standard practices. False flags are put on cargo vessels to disguise their origin. Barges are used in the transportation of illegally obtained timber, as they are less likely to be intercepted. Fake Malaysian paperwork including Certificates of Origin, Bills of Lading and Phytosanitary certificates are used to disguise the true origin and destination of the *merbau* logs. Many of the vessels carry as much as 30 per cent more than the legal maximum allowable load.

EIA and Telapak claim the felling and smuggling of *merbau* logs in Papua is orchestrated by well-organised international criminal syndicates. Military personnel are frequently employed as security for logging operations. One timber dealer based in Jakarta told EIA/Telapak investigators he had 30 soldiers on his payroll to secure his illicit forest concession. The report says the army is also used to intimidate local communities opposed to logging operations on their lands. A report by Indonesian human rights group ELSHAM documented widespread logging-related abuse by troops stationed near Jayapura. The abuses involved intimidation, assaults and rape.<sup>146</sup>

Trafficking activities are not confined to the Indonesian side of the border. Several official PNG Government reports reveal evidence of illegal foreign workers being smuggled in to remote parts of PNG to work in logging camps. In one report, employees from the Rimbunan Hijau owned Panakawa and Kamusie operations alleged there were many foreigners illegally living in Wawoi Guavi.<sup>147</sup> The report claims the workers crossed the border from Indonesian controlled West Papua into Sandaun province and were air lifted through a Rimbunan Hijau private air service. The same report alleged Indonesian women were brought to the camps as sex workers, which is illegal under PNG law.

An inspection report of the Department of Labour and Employment concluded only 31 of the 112 foreign workers employed at Rimbunan Hijau's Wawoi Guavi operation were legally employed.<sup>148</sup> The report said "the company has total disrespect for the *Employment of Non Citizens Act*" and said many sections of the Act were breached.

## 7 CONCLUSIONS: WHAT CAN BE DONE?

To find lasting solutions to the serious problems of human rights abuse in the forestry sector, governments, international donors and the community will need to work together to address root causes, rather than tackle the symptoms alone. This report shows a logging industry stuck in a self-reinforcing spiral of human rights abuse that includes violations of civil and political, economic, social and cultural rights. The root causes of these abuses are complex and multifaceted, as are the means to address them. There are no simple solutions.

This chapter looks at a number of ways the PNG Government, international donors, resource companies, communities and timber consumers in other countries can tackle the symptoms of human rights abuse in PNG.

### The PNG Government

The problem in PNG is not the lack of rights guarantees, but the capacity and the will of the state to implement, uphold and defend those rights. Some international observers regard PNG as a classic 'weak state' that has difficulty carrying out the basic tasks of statehood.<sup>149</sup> That is not the contention of this report.

Nevertheless it is the case that many ordinary Papuan New Guineans have little faith that the country's bureaucracy is effective or that formal justice systems can deliver justice. There is a widely held view that those with power and advantage can and do manipulate the system to their own advantage.<sup>150</sup>

As this report highlights, the existing regulatory framework is often contravened by logging companies and police operating in remote areas where there is little oversight and corruption goes unchecked. Unless the underlying issues of corruption are addressed, human rights violations will continue to occur. Civil society in PNG has called for a high level independent Commission of Inquiry into the persistent corruption in the forestry sector and associated problems. This evidence in this report adds weight to those calls.

In addition to an inquiry it is necessary that an immediate, temporary moratorium be placed on the granting of new logging permits – on the renewal as well as the expansion of existing concessions – until all the existing oversight mechanisms are operational and enforceable. PNG law must be adhered to. The current model is not working.

Alternatives must also be examined. The resources and skills of the Department of Environment and Conservation and the PNGFA should be used to promote, encourage and facilitate community-based small and medium scale forestry operations. This may in fact be the most appropriate scale for timber production in PNG. This model is consistent with existing laws and has proved successful in parts of PNG and elsewhere.<sup>151</sup>

PNG's Ombudsman Commission has the power to investigate human rights abuses. It has conducted investigations into aspects of the large scale logging industry in its Turama Forest Industries (1998) and Kamula Doso (2002) reports, but these investigations were into the legality of various licence grants and decisions, not human rights violations. The Ombudsman Commission established a dedicated human rights unit in 2005. It is new, small and under-resourced.

The PNG Government should also look to establish a new independent Human Rights Commission, to investigate, mediate and refer complaints of human rights abuses, and an

Independent Commission Against Corruption, to complement the work of the Ombudsman Commission and strengthen governance in the country.

Transparency International and the United Nations agency UN-Habitat have produced a toolkit to promote good governance and help developing nations tackle the complex problem of corruption.<sup>152</sup> The toolkit promotes the establishment of anti-corruption agencies or commissions that are funded by, but remain independent from, governments. The toolkit notes that in a system in which corruption is endemic, standard law enforcement mechanisms may themselves harbour corrupt officials. An independent anti-corruption commission can shine light on corrupt activities taking place within the ranks of government. In Papua New Guinea the constitutionally-established Ombudsman Commission does, in a sense, already perform this function. But the Ombudsman Commission's roles and functions are strictly determined by the Constitution and two Organic Laws. In some jurisdictions an anti-corruption commission and an Ombudsman office work in concert with one another, to good effect. The toolkit notes that while an Ombudsman exists to promote administrative fairness – best achieved by winning the confidence of the bureaucracy – an anti-corruption commission is most effective when it is feared by bureaucrats. Together the anti-corruption commission and the Ombudsman can disseminate through the public sector information regarding the ethics rules and regulations of government employment. Together, through varying enforcement methods, they can ensure government employees who breach public trust are held accountable.

As long as there was clear demarcation between an anti-corruption commission's powers and responsibilities and those of existing oversight agencies, like the Ombudsman Commission, an anti-corruption commission could play an important role in improving governance and accountability in PNG.

A good case study of how a dedicated anti-corruption body has worked effectively comes from the central African state of Botswana. In the late 1980s and early 1990s several major corruption scandals in Botswana, some involving very senior and prominent people, led to a number of commissions of inquiry. In 1994, the Government of Botswana enacted the *Corruption and Economic Crime Act*. This created new offences, including the offence of corruption. A Directorate on Corruption and Economic Crime was created and given special powers of investigation, arrest, search and seizure.<sup>153</sup>

The Directorate now has more than 100 officers. In the first five years of its operation the Directorate had prosecuted 197 people, with a conviction rate of 84 per cent.<sup>154</sup>

Aside from investigation and prosecution, some significant progress can be achieved through public education. The PNG Government needs to instruct its Forest Authority to devote considerable effort to raising landowners' awareness of the Incorporated Land Group (ILG) and forestry allocation processes outlined in the *Forestry Act*. Many of the human rights abuses recorded in this report arose from the misunderstandings and unrealistic expectations of landowners who were never properly advised of their rights or their role in the logging equation. Public education and awareness raising can go some way to redressing this.

*Unsustainable: Academics say it is unlikely large scale logging in PNG could ever be considered a form of 'sustainable development' (photo ACF/CELCOR)*



Unfortunately, options for holding the Bank to account on human rights issues remain limited. The Bank's Operational Directives on involuntary resettlement, indigenous people and poverty reduction are the closest it comes to having a human rights policy.<sup>159</sup>

Institutions and donors such as the World Bank and the Australian Government have significant influence on policy making in PNG and must take some responsibility for reform of the forestry industry. As long as logging continues to undermine governance and create unrest in PNG, Australia's development assistance to improve governance and to ensure stability and security in the region will not be as effective as it should be.

NGOs have long highlighted the limitations of an export-driven model of economic development, focused on large-scale industrial logging operations. This model pays little attention to the development and promotion of alternative forms of forest management, such as eco-forestry efforts. As academic Colin Filer notes "it still appears that the [World] Bank's main concern in the substance of forest policy is to establish an 'efficient' and 'sustainable' regime for the management and taxation of industrial forestry concessions. However, it has always been highly unlikely that any large scale logging industry could ever qualify as a form of 'sustainable development'."<sup>160</sup>

There are a number of positive contributions international donors can make. They can encourage the PNG Government to root out corruption and human rights abuses from the logging industry with a high level Commission of Inquiry. They can urge PNG to re-instate the moratorium on the granting of new permits for large scale industrial logging until appropriate oversight mechanisms are established. They can lend their substantial clout to programs that help PNG make the transition to certified small and medium scale community-based forest management and timber production. They can ensure future aid funding and donor assistance to the forestry sector is linked to the development of mechanisms that reduce the negative impacts of logging activities on human rights and the environment. They can support organisations and programs that give landowners independent legal advice, conflict resolution training and alternatives to large scale forestry. They can provide financial and technical support for community groups, NGOs, women's organisations and churches that help landowners in their dealings with logging companies.

While tackling corruption and raising landowner awareness are crucial steps, on their own they will not be enough. Attention also needs to be focused on improving basic services – such as health and education – and creating viable economic opportunities in rural areas. PNG's population is continuing to grow, putting greater pressure on government services and rural resources. An educated, healthy and economically viable rural population, aware of their rights, will help keep corrupt practices in check. Viable economic alternatives to large scale forestry, including eco-forestry and conservation, will enable groups to have more control over and to make more informed decisions about their community's future.

Finally, huge improvements would be seen if the PNG Forest Authority ensured all forestry activities in the country were consistent with the National Goals and Directive Principles in Papua New Guinea's Constitution.

### **Donors, international financial institutions and resource companies**

Although the National Government has primary responsibility for protecting the human rights of its citizens, all state and non-state players have a duty to uphold human rights. Indeed, given the far reaching influence of the World Bank and the Australian Government on policy making in PNG and the power of resource companies, a focus on the state's accountability alone is not enough.

The responsibility of companies to uphold human rights standards is increasingly being acknowledged. There are now a range of voluntary principles regarding corporations and human rights that set out standards to which companies should adhere to.<sup>155</sup> In the area of security arrangements companies should do everything in their power to prevent abuses by military and police personnel acting on behalf of their interests and avoid complicity in such abuses.

Logging companies should adopt a 'publish what you pay' approach, whereby companies extracting resources publicly document all their payments to the government (taxes, fees, royalties, signature bonuses etc). This allows ordinary citizens to track the money from their natural resources into the national budget and government reserves.<sup>156</sup> It has the effect of making companies more accountable and transparent and better trusted by the wider community.

The corporate sector more broadly also has an important role to play in ensuring the just and sustainable use of forestry resources. Downstream processors, manufacturers, wholesalers and retail traders of forestry products should all insist on a reliable certification scheme, such as the Forest Stewardship Council (FSC) scheme,<sup>157</sup> for their suppliers. Banks and investors should similarly require FSC certification as a condition of doing business with both forestry companies themselves and the companies involved in downstream processing, manufacturing and trade.

Greater attention is also being focused on the human rights responsibilities of the international financial institutions. The 'Tilburg Guiding Principles on the World Bank, IMF and Human Rights' state "as international legal persons, the World Bank and the IMF have international legal obligations to take full responsibility for human rights respect in situations where the institutions own projects, policies or programmes negatively impact or undermine the enjoyment of human rights."<sup>158</sup>

## The community

To date forestry management has been almost entirely in the hands of Government and large private, often foreign-owned, companies. Yet it is local people, particularly those living in forest-dependent communities, who have the best knowledge about responsible forest management. Those with the most relevant skills have largely been locked out of the process, quite contrary to the National Goals and Directive Principles which call for “everyone to be involved in our endeavours to achieve integral human development of the whole person for every person and to seek fulfilment through his or her contribution to the common good” and “development to take place primarily through the use of Papua New Guinean forms of social and political organization”.

PNG is different from many other ‘developing’ countries in the high percentage of land that is controlled not by the state but by customary landowners. It would be unwise to think forestry sector reform can be achieved without taking into consideration PNG’s land tenure system and the hard lessons learned by integrated conservation and development projects in PNG in participatory land use planning over the past decade.

PNG’s constitutionally recognised customary land tenure system is one of the nation’s undervalued strengths. Land is a social safety net, providing food, resources and inheritance. Local groups that represent clan interests can play a vital role in managing natural resources in a sustainable way.<sup>162</sup>

A critical element of strengthening customary institutions at the local level is the free flow of information. The current large scale export driven model of development neglects the rights of local communities to make their own choices about resource development. Communities need access to relevant information in order to make educated decisions about their natural resources and how best to manage them sustainably.

Institutional strengthening at the bureaucratic level, if done effectively and driven by the necessary political will, can lead to positive outcomes for grassroots Papua New Guineans and for the environment. However, since power to determine the fate of land and natural resources rests largely with landowners, local communities must be more actively engaged in the forest management and planning processes. Of course, this way of working requires time and a commitment to long-range outcomes, not short-term profits. Landowners are not immune from the lure of quick money and the promises of development. Responsible forest management requires a move away from the patron-client relationships that have developed between resource extracting companies and community power brokers and that are distorting decision-making at the local level.

PNG’s rich endowment of cultures and biodiversity have sustained livelihoods and maintained the ecosystem in good condition for 50,000 years without any outside assistance. They remain the basis of the subsistence economy for the majority of PNG’s population. The challenge now is to find, within the constraints posed by the current social, economic and political landscape, policies and strategies that will protect livelihoods and environments.

Civil society groups in PNG have started to take up this challenge.

*Eco-forestry works: Small-scale eco-forestry projects, like this one at Lake Murray, provide a viable alternative to the destructive practices of big logging companies (photo Greenpeace/Natalie Behring)*



One fine example is the Madang-based Bismarck Ramu Group (BRG), which has developed a best-practice approach to conservation and development. The Bismarck Ramu Group has achieved outstanding results in conservation and in promoting self-reliance in communities they work with. BRG’s organisational principles reflect Melanesian ways of living. It provides flexible work contracts for its staff, but requires all employees to adhere to a strong set of work ethics and code of conduct. These were developed collectively by the BRG team. Most decisions are made by consensus. It approaches development by utilising the strength of Melanesian cultures and carefully minimises the risk of creating dependency. BRG values the Melanesian connection to the land and the natural environment. It is on this basis that BRG works with local communities to determine their own development direction and activities that are truly Melanesian and ecologically sustainable.

CELCOR and other groups, including the Environmental Law Centre, PNG Eco-Forestry Forum, Alotau Environment Ltd and Conservation Melanesia, are actively engaging with local communities to further environmental justice.

In December 2005 the PNG Eco-Forestry Forum successfully obtained court injunctions preventing logging in the 130,000 hectare East Awin concession in Western Province. The Forum is challenging the legality of the timber permit issued to Malaysian logging company GL Niugini on the basis that the logging will not be sustainable and there were many serious legal errors and omissions in the development of the project. The Forum has also issued legal notices advising the Government of its intention to challenge the legality of six other permit allocations.<sup>161</sup>

The Simbukanam people of Madang Province know the power of united community action. They used a Deed of Agreement to set up a Conservation Area on their land, heeding lessons learnt from large scale logging. Like many communities in PNG, some Simbukanam elders had been persuaded to sign over their forests to be logged. After seven years of logging, community members had had enough. Once pristine streams had become polluted from erosion, silt and chemicals. They noticed many fewer aquatic plants and fish than in the past. Heavy equipment and machinery had left huge scars on the landscape.

**Buyer beware:** To avoid being part of the vicious cycle of destruction of PNG's remaining rainforests and the human rights abuses the logging industry facilitates, consumers of timber products need to be sure about the source of the wood they purchase (photo ACF/CELCOR)



### Timber consumers in importing countries

Although most of the logs felled in the forests of Papua New Guinea are initially exported to China, Korea and Vietnam, much of this timber eventually finds its way onto the homes of people in Europe, the United States and Australia in products such as furniture, plywood and household items. Unfortunately when people buy timber or timber products in Western countries they can be unwittingly supporting the illegal and unsustainable harvesting of tropical rainforests and the human rights abuses this report shows shrouds logging in PNG.

A study by engineering consultants Jaakko Poyry for the Australian Department of Agriculture, Fisheries and Forestry showed around \$400 million worth of illegally logged timber products are imported into Australia every year.<sup>164</sup>

In order to avoid being part of the vicious cycle of destruction of the world's remaining rainforests and the human rights abuses the logging industry fosters, it is important consumers be sure about the source of the timber they buy. A 'Made in Australia' stamp gives no guarantee about the source of timber content.

The best way for consumers to be confident about the origin of wood content in products they buy is to seek out and purchase only items that carry an independent guarantee that certifies the legal and sustainable source of the timber. Assurances from retailers, wholesalers, manufacturers and even governments about the provenance of wood products have unfortunately been shown to be unreliable. The only credible assurances consumers can rely on are from independent organisations that regularly monitor the performance of logging companies and then track legally and sustainably harvested timber through the supply chain to its eventual point of sale and provide a written certificate.

A few of the community's educated youth contacted people involved with the Bismarck-Ramu Group, to ask for help. This relationship broadened the community's understanding of the impacts of the logging on their land and livelihoods. After three years of extensive and careful community consultation and planning, more than 1,000 hectares of the Simbukanam's remaining intact forests was protected as a Conservation Area.

No hunting or felling of trees is allowed in the area. The community itself is entrusted with care and management of the area. The people are proud of their decision and achievement. The quality of their rivers has improved and there has been an increase in wildlife sightings. They are very serious about the rules of the Conservation Area. They prosecute violators.

The people of Collingwood Bay in Oro Province have also made a stand to protect their land from the ravages of large scale logging. They live on 200,000 hectares of rainforest on PNG's north coast. About ten years ago, following intense pressure from Government and industry to let their forests be logged, community leaders declared they would not allow outsiders to dictate how their land would be used.

Their formal declaration stated they would conserve their rainforests, because the forests were central to community life, by providing food, water, medicine and cultural sustenance. The people subsequently endured – and won – an arduous three-year court battle to prevent a Malaysian company logging on their land.

Greenpeace is working with the Kuni and Begwa people of the Lake Murray area of Western Province on an eco-forestry project that encourages remote communities to do their own small-scale timber harvesting and milling. A portable 'walkabout' sawmill arrived in Lake Murray in March 2006. It allows local people to cut logs for export as 'eco-timber', providing a viable alternative to the destructive practices of foreign logging companies. Greenpeace forest campaigner Sam Moko has stated that the initiative should provide returns to communities four to ten times greater than the royalties paid by large-scale logging operations.<sup>163</sup> As Greenpeace says, eco-forestry causes minimal damage to the forest and the money made from just one tree can pay a child's school fees for a year.

Through awareness and education, and by maintaining unity, communities can keep control of their land and their forests.



## 10 RECOMMENDATIONS

To the Government of Papua New Guinea:

**1 Institute a high level inquiry into the persistent problems of large scale logging and its role in undermining nation building in PNG**

This inquiry should be given broad discretionary powers to investigate the persistent links between the large scale logging industry and –

- corruption;
- human rights violations, including the sexual abuse of women;
- police misconduct; and
- trans-boundary criminal activities, including gun and drug smuggling and trafficking.

This inquiry should be empowered to look into the activities of private companies as well as the public sector and to refer to the Public Prosecutor matters that require criminal prosecution. Bilateral and multilateral donors should support and provide the necessary resources for this inquiry.

**2 Reinstate the ban on new logging permits and the renewal or extension of current permits until effective enforcement of current oversight mechanisms is evident**

The Government of PNG should reinstate this ban until the appropriate policies, mechanisms, legislation, institutions and enforcement capacity are established to properly oversee a sustainable timber industry. Until then, the PNG Government should direct its Forest Authority to promote and encourage small and medium scale forestry operations, which may in fact be the appropriate scale for the timber industry in PNG. The Forest Authority must ensure all forestry activities are consistent with the National Goals and Directive Principles in Papua New Guinea's Constitution. The Forest Authority should demonstrate a renewed commitment to raising landowners' awareness of the Incorporated Land Group (ILG) process.

**3 Revoke the licences of logging companies found to engage in corrupt practices, human rights abuses or 'private security' payments to police officers**

The Government of PNG should revoke the logging licences of companies found by the Courts or other investigative authorities to be involved in human rights abuses, corrupt activities or payments to serving police officers under private security arrangements. The Government should also consider the question of better resources for the nation's police force. Officers of the Royal Papua New Guinea Constabulary should be adequately remunerated, to nullify the incentive for police personnel to accept corrupt offers for extra work that would place them in a conflict of interests.

To the Parliament and Government of Papua New Guinea:

**4 Establish an independent Anti-Corruption Commission with power to investigate and take action against those found to be involved in corrupt practices**

Corruption in PNG is widely seen as systemic and systematic. Some of the standard law enforcement agencies have themselves harboured corrupt officials. The establishment of a well-resourced, independent Anti-Corruption Commission could complement and enhance the work of the Ombudsman Commission.

**5 Establish an independent Human Rights Commission and adequately resource the Ombudsman Commission's Human Rights Unit**

Human rights abuses associated with the logging industry need to be urgently investigated. The Parliament of PNG should establish a new independent statutory authority – a Human Rights Commission – to investigate, mediate and refer to the appropriate authorities complaints of human rights abuses. In the meantime, the PNG Government should significantly boost the resources available to the Ombudsman Commission's existing, under-resourced human rights unit.

To donor countries and international financial institutions:

**6 Assist PNG in making the transition to community-based forest management and timber production**

As a starting point international donors should regard respect for human rights and environmental sustainability as fundamental components of sound forestry policy. International donors should support programs that help PNG make the transition to certified small and medium scale community-based forest management and timber production. Future aid funding and donor assistance to the forestry sector should be linked to mechanisms that tackle the negative impacts of logging activities on human rights and the environment.

**7 Support organisations that help landowners with independent legal advice, conflict resolution and developing alternatives to large scale forestry**

International donors should provide greater support to groups that help landowners in their dealings with logging companies. This should include financial and technical support for community groups, NGOs, women's organisations and churches. These groups are often on the frontline, providing landowners with independent legal advice, assistance in negotiating the Incorporated Land Group (ILG) process, conflict resolution and developing viable alternatives to the dominant models of forestry in PNG. They are also the main – in some places, the only – providers of support to the vulnerable female employees of PNG's forestry sector. The work of these groups should be acknowledged and tangibly supported by the international community.

## 8 Focus on providing basic social services, such as health and education, and on creating viable economic opportunities in rural areas

Any strategy to tackle current problems in the logging industry needs to occur concurrently with a focus on establishing basic services – such as health and education – and creating viable economic opportunities in rural areas. An educated, healthy and economically viable rural population, aware of its rights, will help keep corrupt practices in check. Viable economic alternatives to large scale forestry will give communities greater control over their future.

## 9 Ensure multinational corporations adhere to human rights and environmental standards in their decision making on financing, supply and purchasing arrangements with the PNG forestry industry

Many multinational and other companies facilitate illegal logging, sometimes unwittingly, either by purchasing products derived from illegal logging or by supplying essential goods and services (including financial services) to the logging companies themselves. Companies that are active in downstream processing and trade in forestry products (such as furniture manufacturers, wholesalers and retailers) should insist on credible independent certification for all forestry products. Similarly, financial institutions and other who directly support forestry businesses should require such certification as a condition of doing business.

To timber consumers in importing countries:

## 10 Purchase only timber and wood products that have been independently certified as legally and sustainably sourced

Consumers should purchase recycled timber or timber and wood products that have been independently certified as legally and sustainably sourced. Assurances from retailers, wholesalers, manufacturers and even governments about the provenance of wood products have, unfortunately, been shown to be unreliable. The only credible assurances consumers can rely on are from independent organisations that regularly monitor the performance of logging companies and then track legally and sustainably harvested timber through the supply chain to its eventual point of sale.

## 1 Introduction

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- 10 Ibid.
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- 13 One of the report's key recommendations is that future Bank assistance to PNG should focus on non-lending services.
- 14 'K7.5 bil debt still hovers over PNG', *Post Courier*, 13 February 2006.
- 15 World Bank PNG country profile: [www.worldbank.org](http://www.worldbank.org).
- 16 Forestry and Conservation Review Team, *Report on Confidential Matters*. Government of Papua New Guinea, Review of Disputed Forest Allocations, 2003 (page 1).

## 2 The impact of logging on human rights

- 17 The PNG Government has ratified the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW); the Convention on the Rights of the Child (CRC) and the Convention on the Elimination of Racial Discrimination (CERD). However, it has not ratified other core instruments including the International Covenant on Civil and Political Rights (ICCPR), the International Covenant on Economic, Social and Cultural Rights (ICESCR) and the Convention against Torture (CAT).
- 18 Human rights law provides that no one should be subjected to torture, cruel, inhuman and degrading treatment. (Art. 3 of the UDHR and Art. 9 of the ICCPR). The UDHR (Art. 9) and the ICCPR (Art. 9) also provide that no one shall be subjected to arbitrary arrest, detention or exile. The CAT prohibits torture, inhuman and degrading treatment or punishment. The PNG Constitution also prohibits arbitrary arrest and detention, torture and other cruel or degrading treatment or punishment (s 42). It also provides protection from arbitrary search and entry (s 44) and the right to privacy (s 49).

- 19 Human rights law provides that women have the right to be free from violence, including domestic violence and the right to equality. The CEDAW's General Recommendation 19 defines violence against women as a form of discrimination. The PNG Constitution also contains a commitment to equality of women and men (s55).
- 20 The UDHR provides for the right to take part in the conduct of public affairs (Art 25). The Declaration on the Right to Development also recognises the right of all peoples to participate in, contribute to and enjoy development. The right to self-determination is also recognised by ICCPR (Art 1) and the ICESCR (Art 1). The right to participate in and benefit from development is also entrenched in PNG's Constitution. The second national goal specifically refers to the right of all citizens to participate in, and benefit from, development.
- 21 The UDHR provides for the right of everyone to a standard of living adequate for health and well-being. This includes a right to food, clothing, housing, medical care and necessary social services (Art 25). This is spelt out more fully in ICESCR (Art 11 and Art 12).
- 22 The UDHR (Art 23) and ICESCR (Art 7) provide the right to a decent working environment. This includes the right to just and favourable conditions of work, fair wages, a decent living for themselves and their families and safe and healthy working conditions. The rights of workers are also protected under the PNG Constitution, which provides for freedom from forced labour and prohibits slavery and all forms of compulsory or bonded labour (s 43). The Constitution also provides for the right to engage in collective bargaining and to join industrial organisations (s 47).
- 23 The ICCPR (Art 27) recognises the rights of minorities to "enjoy their own culture, to profess and practice their own religion, or to use their own language". The Draft Declaration on the Rights of Indigenous People provides the right of indigenous peoples to protect and develop their cultures (Art 12). The fifth National Goal of the PNG Constitution speaks of the need to uphold 'Papua New Guinean Ways'. It specifically calls on the people of PNG to "foster the use of Papuan New Guinean forms of social, political and economic organisations as the tool for achieving the social, political and economic development of Papua New Guinea."
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## ABBREVIATIONS

ACF	Australian Conservation Foundation
AUD	Australian dollar
ANU	Australian National University
BRG	Bismarck Ramu Group
CAT	Convention Against Torture
CDAW	Convention on the elimination of all forms of Discrimination Against Women
CELCOR	Centre for Environmental Law and Community Rights
CERD	Convention on the Elimination of Racial Discrimination
CRC	Convention on the Rights of the Child
DDRIP	Draft Declaration on the Rights of Indigenous Peoples
FCP	Forestry and Conservation Project
FSC	Forest Stewardship Council
GPAL	Governance Promotion Adjustment Loan
ICCPR	International Covenant on Civil and Political Rights
ICESCR	International Covenant on Economic, Social and Cultural Rights
ICRAF	Individual and Community Rights Advocacy Forum
ILG	Incorporated Land Group
ILO	International Labor Organisation
IMF	International Monetary Fund
K	Papua New Guinea kina
LMA	Logging and Marketing Agreement
NGO	Non-Government Organisation
PNG	Papua New Guinea
PNGFA	Papua New Guinea Forest Authority
RH	Rimbunan Hijau
RPNGC	Royal Papua New Guinea Constabulary
SAP	Structural Adjustment Program
SBS	Special Broadcasting Service
SGS	Societe Surveillance Generale
TFAP	Tropical Forestry Action Plan
TFI	Turama Forest Industries
UDHR	Universal Declaration of Human Rights
UNCTAD	United Nations Conference on Trade and Development
VFP	Vanimo Forest Products

## ACKNOWLEDGEMENTS

The Centre for Environmental Law and Community Rights and the Australian Conservation Foundation would like to acknowledge the following organisations for their valuable contributions to this report:

- PNG Eco-Forestry Forum
- The Environmental Law Centre Ltd
- The Bismarck Ramu Group
- Greenpeace Australia-Pacific
- Conservation Melanesia
- Alotau Environment Ltd

ACF and CELCOR gratefully acknowledge funding support from Caritas Australia.

Many people have made generous contributions through research, interviewing, photography and legal advice.

This report is dedicated to the many Papua New Guinean communities that are actively and courageously fighting injustices introduced to PNG through large scale logging.

Printed on 100% recycled paper